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In 2 Sections — Section 1

The COMMERCIAL and FINANCIAL CHRONICLE

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"JOTTINGS"

Look for jurisdictional reasons (i.e. struggles between rival labor groups) in nearly every important strike nowadays—even those apparently over wages and working conditions. Main trouble is the top-to-bottom rift between the AFL and the CIO, complicated by the contest between the Communists and the anti-Communists in the CIO. The latter makes for an almost incredibly complicated pattern of conflicts. For instance, one story of the recent "wildcat" strike of the anthracite men against the United Mine Workers itself was this. Tobin's AFL teamsters are being raided by the CIO, with whom Dave Beck is sympathetic. The Communists told Tobin they could control the situation. He doubted it. Simply to prove the point, they pulled the anthracite strike; remember that a large part of CIO's money comes from the United Mine Workers. In many other cases where, for instance, wages alone appear to be the issue, the real issue is the effort of a CIO or an AFL union in a two-union industry to win over the men by getting more from the employers than the rival union. Other strikes are pulled to obtain exclusive collective bargaining privileges and so shut the other union out before it can get strong enough; vide the AFL streetcar-men's strike in Detroit. Both unions are now struggling in the automobile, aviation and shipbuilding industries, and the contest itself engenders strikes which are competitive or jurisdictional rather than really for better wages or working conditions.

Fall River's $13,000,000 fire in which nearly 16,000 tons of rubber were lost was unnecessary and the result of such carelessness (like the recent Brooklyn dock fire) that the question of whether sabotage contributed is unimportant. Two Army inspectors warned the Army's Plant Protection Division, which asked for a report from the National Fire Protection and got an alarming one just a few days before the fire. The Under-Secretary of War's office had been previously warned in June. However, the rubber actually belonged to the RFC's Rubber Reserve Company, and so apparently does the re-

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OUR REPORTER'S REPORT

An investment banker remarked several months ago that he wasn't worried about the future of the country and business, including his own, as long as the American people could thrash out their affairs at open forums.

He was thinking, he said, of gatherings along the lines of the old New England town meetings, at which the townfolk gathered together and discussed such situations as rose with a view to their solution.

The same banker now looks upon the current discussion, some of it rather heated, anent "competitive bidding," private placement, and proposed investment by insurance companies in common stocks, as tantamount to the old town meetings.

Out of this free and open discussion, he believes, will come ultimately the solutions to many of the situations which now have the investment underwriting industry badgered pretty much to its wit's end.

Bankers doubtless were cheered by the forthright remarks of New York State Superintendent of Banks William R. White, with regard to direct institutional purchase of new securities, made before the Savings Bank Association of the State of New York at its convention this week.

He expressed belief that where securities are marketed so as to favor a handful of large institutions, such issues should be banned from the list of securities legal for investment by banks in New York State. To add such issues, he said, would be of no advantage to banks. Since many other States frequently follow New York's lead, such action could be widespread in its effects.

By the same measure the com-

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Our Reporter On "Governments"

Everything depends on the hour-to-hour, the day-to-day news. . . . As this column is being written, the news from the war-fronts is as bad as it has been at any time in recent years. . . . The whole world is sitting on a keg of dynamite. . . . The position of the United States is becoming more untenable with each development abroad. . . . And—not to make this transition too abrupt—all these things make for great unsettlement in the Government bond market. . . . All of them make forecasting intermediate trends extremely difficult. . . .

To get to the important point first, the most intelligent portfolio policy to follow now is that of high conservatism. . . . You've just had an unprecedentedly sweet Government offering of long-term 2½% bonds. . . . It is taken for granted that you bought some of these securities at par, that you own some at this low price. . . .

This seems a poor time to go out on a limb, therefore. . . . The better idea would be to draw back from the market for a temporary period, anyway, and just to "wait and watch." . . .

There'll be time enough to go in and buy on any dip accompanying disheartening news. . . . And if the drop doesn't come,, you'll be able to buy bonds at

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Safeway Stores Pfd Stock At $109 A Share

Public offering of 27,000 shares of 5% (cumulative) preferred stock, $100 par value per share, of Safeway Stores, Inc., was made Oct. 22 by Merrill Lynch, Pierce, Fenner & Beane. The stock is priced to the public at $109 per share. Net proceeds of $2,833,317.60 to be received by the company from the sale of this 5% preferred stock will be used to replace funds expended by the company for the purpose of purchasing the assets and business of National Grocery Company on Oct. 6, 1941, for the sum of $2,750,000.

The preferred stock is subject to redemption in whole or in part on any dividend payment date upon 60 days' written notice, at $110 plus all unpaid cumulative dividends. The stock is also entitled to the benefit of a sinking fund which requires the company on July 1 in each year to make available out of surplus a sum sufficient to redeem on the first day of October 2% of the largest amount of this stock at any time outstanding prior to such July 1.

Consolidated profit and loss statement of Safeway Stores, Inc., and subsidiaries, for the year ended Dec. 31, 1940, shows net income, after all charges including provision for Federal and Canadian income taxes of $4,786,652. For the six months ended June 30, 1941, net income aggregated $2,742,019.

E. L. Kuhns To Manage R. H. Johnson Branch

PITTSBURGH, PA.—E. Lindley Kuhns has been appointed manager of the local office of R. H. Johnson & Company, New York investment firm, which recently established a branch here in the Union Trust Building. Mr. Kuhns, for over twenty years in the investment business in Pittsburgh, was recently with Phillips, Schmertz & Co. and prior thereto with Moore, Leonard & Lynch.

Albert Hammill Is Forming Own Firm

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Albert L. Hammill, in partnership with Hans P. Ahrnke, is forming the firm of Hammill & Company, with offices in the Russ Building, to engage in a securities business. Mr. Hammill was previously vice-president of Edgerton, Bourne & Company, with which he had been associated for many years.

Twin City Club Names Officers For '41-'42

MINNEAPOLIS, MINN.—Joyce Finrud, First National Bank of Minneapolis, was elected President of the Twin City Bond Traders Club at their recent annual dinner and business meeting. George Jackish, Harris, Upham & Co., was elected vice-president; Carroll H. Babcock, Jr., Piper, Jaffray & Hopwood, was chosen treasurer, and E. Byron Kairies, Merrill Lynch, Pierce, Fenner & Beane, was named secretary of the organization.

B. C. Pinkerton With Reinholdt & Gardner

Reinholdt & Gardner, members of the New York Stock Exchange and other leading exchanges, announce that Bledsoe C. Pinkerton is now associated with them as manager of their New York office, 14 Wall Street. Mr. Pinkerton was formerly manager of the corporate trading department of the New York office of Alex. Brown & Sons, and prior thereto he was manager of the trading department for Dominick & Dominick.

To Be Hoge & Co. Nichols To Be Partner

Hoge & Co., members of the New York Stock Exchange, with offices at 120 Broadway, will be formed on November 1st, following the dissolution on October 31st of Hoge, Underhill & Co. Partners of the new organization will be Martin B. Saportas, Exchange member, Joseph R. Nichols, general partners, and Charles C. Hoge and James A. Moffett, 2nd, special partners. Messrs. Saportas, Moffett and Hoge were formerly partners in Hoge, Underhill & Co., with which firm Mr. Nichols was associated as cashier.

Offers Interesting Booklet

Registrar and Transfer Co., 2 Rector Street, New York City, and 15 Exchange Place, Jersey City, N. J., has prepared a descriptive booklet on the advantages of their dual arrangement as transfer agents in both New York City and Jersey City, which arrangement is acceptable to the New York Stock Exchange and other Exchanges. Copies of the booklet will be sent by Registrar and Transfer Co. on request.

Shearson Branch To Be Enlarged By Merger

CHICAGO, ILL. — Announcement has been made that Shearson, Hammill & Co. and the Chicago office of Winthrop, Mitchell & Co. will be consolidated in the near future, and that as soon as the present partnership agreements of Winthrop, Mitchell & Co. are adjusted, Leeds Mitchell will become a general partner of Shearson, Hammill & Co.

Upon completion of the consolidation, the Chicago office of Winthrop, Mitchell & Co., in the Board of Trade Building, will be retained as a branch of Shearson, Hammill & Co. until new and adequate quarters can be arranged at one location.

Both firms are leading members of the New York Stock Exchange and all other important stock and commodity exchanges. They have been identified for many years with the brokerage and investment business in the two principal financial markets in the country, New York and Chicago, Shearson, Hammill & Co. having been established in 1902 and Winthrop, Mitchell & Co. in 1929. Neither firm is engaged in the underwriting of new securities.

After consolidation, the Chicago partners of Shearson, Hammill & Co. will be: Wentworth P. Mackenzie, Arthur G. Cable, Farwell Winston, Lawrence Howe, and Leeds Mitchell. Their principal Chicago office is located at 208 South La Salle Street, and in addition to the branch to be established temporarily in the Board of Trade Building, the firm maintains an office in the Wrigley Building which was opened in May, 1939.

Louis Neilson Now Halladay Co. Partner

Louis Neilson, member of the New York Stock Exchange, has been admitted to partnership in Halladay & Co., 14 Wall Street, New York City. Mr. Neilson was formerly an individual floor broker and in the past was a partner in Appenzellar, Allen & Hill.

Edward Carleton has withdrawn from membership in Halladay & Co.

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Subscriptions in United States and Possessions $26.00 per year, $15.00 for 6 months; in Dominion of Canada, $27.50 per year, $15.75 for 6 months. South and Central America, Spain, Mexico and Cuba, $29.50 per year, $16.75 for 6 months; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year, $17.50 for 6 months. NOTE: On account of the fluctuations in the rates of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Dunne To Appear At Washington Hearings

Frank Dunne, President of the New York Security Dealers Association, will appear before the House Committee on Interstate and Foreign Commerce on October 28th in connection with the proposed Amendments to the Securities Act of 1933 and the Securities Exchange Act of 1934. Mr. Dunne will strongly oppose any amendments to the Acts that might lead to legislation to expand "Unlisted Trade Privileges" by the Exchanges, in securities that are now traded in the over-the-counter markets.

Should the proposed Amendments be enacted into law, the New York Security Dealers Association asserts, it might mean the extinction of over-the-counter trading and is a warning to all dealers that they must present a unified front in opposing any changes to the Act that might be detrimental to the over-the-counter business, and not appropriate in the public interest.

Los Angeles Traders Elect New Officers

LOS ANGELES, CALIF.—The Bond Traders Association of Los Angeles elected Joseph L. Ryons, vice-president of the Pacific Company of California, president of their group at the regular meeting held October 15th. He succeeds Miles A. Sharkey, O'Melveny, Wagenseller & Durst.

Oliver B. Scott, Wyeth, Hass & Co., was elected vice-president, and Thomas Euper, J. A. Hogle & Co., was named treasurer. Joseph G. LaPuma, Mitchum, Tully & Co., was re-elected secretary.

Ralph DeFoe, Fairman & Co., John A. Alexander, Cook, Miller & Co., and Sam Green, Pledger & Co., were elected to the Board of Governors.

Miles Sharkey was chosen a National Committeeman, and Elemer E. Meyers, Mitchum, Tully & Co., was named alternate.

Tomorrow's Markets Walter Whyte Says—

Market apparently has not yet built up reserve strength enough for more than a fitful rally; hence time has not arrived to start a buying campaign; more details below.

By WALTER WHYTE

What with one thing and another, the market hasn't done anything since the last column was written to make anybody break out into a rash of cheers. The only thing it has managed to do is go down far enough so that a few stocks in our list have broken through their so called resistance levels. These were as follows:

* * *

Anaconda bought at 27; stop at 25. During the week it sold down and registered a low of 24¾. This means a loss of 2¼ points gross. The next stock was Savage Arms. This one was originally bought (before the split-up) at 17. When the new stock was issued—4:1—it carried the cost down to 4. On last week's break the stock sold off to 15⅞. Our stop, or level beyond which it should not have been carried, was 17½. Assuming it was sold as advised the gross result was approximately 13 points profit. The last stock in the list which penetrated it's stop was Swift & Co. This one was recommended at 24½ but with an interim dividend the cost was brought down to 24. It's critical point was 23½. During the week it managed to get down to 22½ so to all intents and purposes we can now consider it as out of the list. The gross result in this one was a loss of about ¾ of a point.

* * *

This leaves you with three stocks: Bendix, bought at 37, stop at 34, current price about 37; New York Shipbuilding,

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Advertising Results Exceed Expectations

In an unsolicited letter, Mr. A. O. Van Suetendael, Security Dealer of Yonkers, N. Y., says: "I thought that you would like to know that the ad, which I am currently running in the Financial Chronicle on International Railways of Central America Purchase Money 5s, 1972, is producing results exceeding my expectations. During the past month I have had responses from nineteen states."

This is further proof that the Financial Chronicle does reach a responsive audience, men who are interested in what you have to sell. Send for a rate card now to help you in planning a new business-producing program in the Financial Chronicle.

Dealers Must Record Time Of Transactions

The Securities and Exchange Commission made public on Oct. 13 a letter sent by the Director of the Trading and Exchange Division to certain securities dealers who have failed to keep records of the times of their security transactions as required by Rules X-17A-3 and Q-17A-4 under the Securities Exchange Act of 1934. Investigations made by the Commission have indicated that a number of firms have failed to keep such records, says the SEC announcement, which also says:

The two rules, generally speaking, govern the making and preservation of books and other business records by members of exchanges and other brokers and dealers. Failure to make and preserve a record of the times at which transactions are executed normally constitutes a violation of Paragraph (a) (7) of Rule X-17A-3.

The letter read in part:

I wish to emphasize that Paragraph (a) (7) of Rule X-17A-3 specifically requires that 'a memoranda of each purchase and sale of securities' for the account of your firm be kept which must show 'the price, and, to the extent feasible, the time of execution' of each transaction. The phrase 'to the extent feasible' was intended to be applicable only in exceptional circumstances where it might be actually impossible to determine the exact time of execution. In this connection, I wish to point out that our experience has demonstrated that it is in fact feasible to keep the times of so-called 'trading transactions.' I might also add that a transaction is 'executed' within the meaning of the rule when the contract to sell or purchase, as the case may be, is entered into by the trader or other person authorized to effect transactions for the account of the firm.

I therefore suggest that your firm take prompt steps to insure the recording of the times of all transactions executed by your trading department as well as of all other transactions. Even in unusual situations where it may be physically impossible to determine the precise time when the transaction was executed, the rule requires that at least the approximate time be noted.

Kraehling Named Gov. N.Y. Security Dealers

At a meeting of the Board of Governors of the New York Security Dealers Association held on Oct. 16, 1941, Frederick C. Kraehling was elected a Governor of the Association to serve until January, 1943. Mr. Kraehling is Secretary and a Director of Frederic H. Hatch & Co., Inc., one of the oldest houses in the over-the-counter business in New York.

At the same meeting Corwin L. Liston, Huff, Geyer & Hecht, Inc., 67 Wall Street, New York, and William I. Fishman, William I. Fishman & Co., 40 Wall Street, New York, were elected to membership in the Association.

DIVIDEND NOTICES

INTERNATIONAL HARVESTER COMPANY

Quarterly dividend No. 93 of one dollar and seventy-five cents ($1.75) per share on the preferred stock, payable December 1, 1941, has been declared to stockholders of record at the close of business November 5, 1941.

SANFORD B. WHITE, Secretary.

LOEW'S INCORPORATED

"THEATRES EVERYWHERE"

October 17, 1941

THE Board of Directors on October 15th, 1941 declared a quarterly dividend of $1.62½ per share on the outstanding $6.50 Cumulative Preferred Stock of this Company, payable on the 15th day of November, 1941 to stockholders of record at the close of business on the 28th day of October, 1941. Checks will be mailed.

DAVID BERNSTEIN
Vice President & Treasurer

NATIONAL DISTILLERS PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on November 1, 1941, to stockholders of record on October 15, 1941. The transfer books will not close.

September 25, 1941 THOS. A. CLARK, TREASURER

VANADIUM CORPORATION OF AMERICA

420 Lexington Avenue, New York, N. Y.
October 16, 1941.

At a meeting of the Board of Directors held today a dividend for the third quarter of this year, of twenty-five cents per share was declared payable November 3, 1941, to stockholders of record at 3:00 o'clock P. M., October 27, 1941. Checks will be mailed.

P. J. GIBBONS, Secretary.

School Savings

The amount of money on deposit in school savings accounts rose to $34,417,238 as of June 30, 1941, according to the 22nd annual report on school savings compiled by the Savings Division of the American Bankers Association. Money deposited by school children in their school savings accounts during the 12 months ended on that date amounted to $12,772,474. Withdrawals during the year, however, reduced the net balance remaining on deposit for the year to $3,571,504. This net amount, added to the cumulative aggregate savings remaining on deposit from previous years, brought to $34,417,238 the total deposits in the school savings banks. The Association's announcement issued Oct. 14 further stated:

More than 2,239,000 pupils in 8,193 schools took part in the school savings program. The schools are located in 37 states. In 20 of the 37 states, deposits increased. A decline was shown in the school savings deposits in the remaining 17 states.

Notable gains in school savings bank balances were made in California, Maryland, Ohio, Georgia, Rhode Island, Texas, Washington, Minnesota, Alabama, Connecticut, and West Virginia.

Albert H. Crosby, Treasurer of the Farmers and Mechanics Savings Bank, Minneapolis, Minn., is Chairman of the Association's Committee on School Savings.

American Output and Labor Costs Rising

The hourly output of a typical manufacturing worker in the United States has increased in almost every year since 1929, and the record for the first six months of 1941 shows the trend to be continuing, according to the current monthly labor survey of the Division of Industrial Economics of The Conference Board, issued Sept. 19.

Considering the hourly output per worker in 1929 to have been 100, the worker's productivity reached 116.5 in 1934, 134.0 in 1939, 140.0 in 1940, and 142.1 in the first half of 1941. This index failed to advance only in 1932 and 1938. The Board's announcement further said:

The average over-all output of a typical manufacturing worker was greater in 1940 than in 1929 or than in any intervening year, and with production demand increasing, output per worker in the first seven months of 1941 exceeded the 1940 yearly average. Expressed in index numbers (1929=100), the 1940 yearly average was 110.3, and the 1941 seven-month average, 118.5. For 1941, worker output was highest in June, at 122.2. With employment and wages going up faster than production, it dropped to 118.9 in July.

Fluctuations in the cost to the employer of an hour of work have been more uneven in the years since 1929 than those in worker hourly output, but the cost was lower than in 1929 only in 1931, 1932 and 1933, and by 1937 had risen to 113.4. The 1940 average was 119.6, and the average for the first half of 1941 was 127.8. The index for June, at 133.6, indicates a continuing rise in labor cost per man hour.

Although the labor cost per unit of output has kept fairly well below that for 1929, it stood at 90.4 in 1937, and at 85.4 in 1940. The average for the first seven months of 1941 was 90.6, slightly above the 1937 average. In July, unit labor costs were at 94.4, only 5.6% below the average for 1929.

Now Harold McClure Co.

WARREN, PA.—L. C. Jamieson & Co., Warren Bank & Trust Building, announce that due to the fact that Mr. Lewis C. Jamieson is engaged primarily in the practice of law and wishes his name to be solely identified with that activity, and in recognition of the services of Mr. Harold R. McClure, the name of their partnership has been changed to Harold McClure & Co. Members of the firm remain the same.

"Two Decades of Inflation"

Henry C. Priester, president of Priester & Company, Davenport Bank Building, Davenport, Iowa, has written a pamphlet entitled "Our Two Decades of Inflation," which was read before the Contemporary Club of Davenport. Copies of this pamphlet, which should be of great interest in present conditions, may be had by writing to Priester & Company.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)
ATCHISON, KANS. — **Marcus W. Henry** has become associated with **Earl E. Shell Co., Inc.**, Professional Building. Mr. Henry was previously connected with Straus Securities Co. and Wise & Smoot, Inc.

(Special to The Financial Chronicle)
BOSTON, MASS.—**Leo J. Gagne** has been added to the staff of **Charles A. Day & Company**, Sears Building.

(Special to The Financial Chronicle)
BOSTON, MASS.—**Robert W. Moore, Jr.**, is now connected with **Equitable Management Corporation of Massachusetts**, 82 Devonshire Street.

(Special to The Financial Chronicle)
BOSTON, MASS.—**Robert A. Cushman** has become associated with **Georgeson & Company**, 24 Federal Street. Mr. Cushman was formerly with W. F. Rutter, Inc., Russell Dean & Co., and Brown Brothers Harriman & Co.

(Special to The Financial Chronicle)
BOSTON, MASS.—**H. Prescott Brigham** has joined the staff of **Sears Corporation**, 68 Devonshire Street.

(Special to The Financial Chronicle)
BRIDGEPORT, CONN.—**Ira M. Grishaver**, formerly local manager for E. R. Davenport & Co., is now connected with **John M. Meyers**, whose main office is located at 165 Broadway, New York City.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Earl C. Petersen**, formerly with Alfred O'Gara & Co., Thomson & McKinnon, and Fuller, Rodney & Redmond, has ecome associated with **Rawson Lizars & Co.**, 135 South La Salle Street.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Dixon Jordan** is now affiliated with **Thomson & McKinnon**, Board of Trade Building. Mr. Jordan was previously with Lamson Bros & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Francis Cayzer Hall** and **Charles B. Hinternhoff** have become associated with **Harris, Upham & Co.**, 135 South La Salle Street. Mr. Hall was previously with Lee Higginson Corporation; Mr. Hinternhoff was formerly with Jackson & Curtis and prior thereto with Fitch Investors Service.

(Special to The Financial Chronicle)
FOND du LAC, WIS.—**Leo J. Bucker** is now connected with **Carl M. Hennig**, whose main office is in the First National Bank Building, Oshkosh, Wis. Mr. Bucker was previously with C. M. Murray Co. and prior thereto with the Commercial Company of Fond du Lac.

(Special to The Financial Chronicle)
HARTFORD, CONN. — **Alan Francis Pike** has joined the staff of **Putnam & Co.**, 6 Central Row. Mr. Pike was previously connected with Standard & Poor's Corporation and Poor's Publishing Corporation.

(Special to The Financial Chronicle)
HARTFORD, CONN. — **Arthur Frederick Newton**, for the past ten years with Paine, Webber & Co., has become associated with **Tifft Brothers**, 125 Pearl Street.

(Special to The Financial Chronicle)
JACKSONVILLE, FLA. — **J. Page Atkins** has been added to the staff of **Guaranty Underwriters, Inc.**, 310 West Adams Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Walter R. Usher** is now with **Samuel B. Franklin & Co.**, 215 West Seventh Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Ruth McHugh** has joined the staff of **Pacific Company of California**, 623 South Hope Street.

(Special to The Financial Chronicle)
MIAMI, FLA.—**George Beckham Tinder** has become associated with **Guaranty Underwriters, Inc.**, 138 Shoreland Arcade. In the past Mr. Tinder was Miami Beach Manager for H. Hentz & Co.

(Special to The Financial Chronicle)
MINNEAPOLIS, MINN.—**Paul E. Casserly**, for a number of years with Paine, Webber & Co., is now affiliated with **Merrill Lynch, Pierce, Fenner & Beane**, 704 Marquette Avenue.

NEW YORK CITY — **Walter Hochstadter** has become associated with **L. F. Rothschild & Co.**, 120 Broadway. Mr. Hochstadter was recently connected with Harris, Upham & Co., and prior thereto was a partner in W. J. Wollman & Co. and Auerbach, Pollak & Richardson.

(Special to The Financial Chronicle)
PORTLAND, MAINE—**Walter E. Ayers, Jr.**, has become connected with **R. H. Johnson & Co.**, 31 State Street, Boston, Mass. Mr. Ayers was previously with Timberlake & Co., and prior thereto with Bowers & Co. and Jordan, Lavin & Co.

(Special to The Financial Chronicle)
SAN JOSE, CALIF.—**Frank P. Verdier** has been added to the staff of **Franklin Wulff & Co., Inc.**, Bank of America Building.

(Special to The Financial Chronicle)
SEATTLE, WASH. — **Florence Donlon** has joined the staff of **Lester L. Fenton**, Securities Building.

(Special to The Financial Chronicle)
ST. LOUIS, MO. — **Andreas Joseph Andersen** has been added to the staff of **Slayton & Co., Inc.**, Boatmen's Bank Building.

SEC Applications For Broker Dealer Registry

The following applications for registration as brokers and dealers have been made with the Securities and Exchange Commission on the dates indicated:

Sept. 17, 1941—Edward F. Swenson, Bassett Building, Palm Beach, Fla., a sole proprietorship.

Sept. 18, 1941—E. A. Straw, Inc., 875 Elm Street, Manchester, N. H., Virginia S. Straw, Earl C. Dudley, Jr., and John R. McLane, officers, continuing the business of E. A. Straw, deceased.

Sept. 20, 1941—Coons, Milton & Co., 232 Montgomery Street, San Francisco, Calif., Robert B. Coons withdrawn as a general partner, admitted as a limited partner, other members of the firm remaining the same.

Retailing Opportuninty

An attractive retailing opportunity is offered by Long Beach Gas 5s of 1956, according to a circular just issued by A. O. Van Suetendael, 15 North Broadway, Yonkers, N. Y., from whom copies may be obtained upon request.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

The estate of Howard Crosby Foster became a special partner in Foster & Adams, New York City.

Interest of Ben E. Sincere, deceased, in Sincere & Co., Chicago, Ill., ceased as of Oct. 5, 1941.

Edward B. Condon retired from partnership in Hilbert, Condon & Bassett, New York City as of Oct. 2nd; the firm has been dissolved, effective today.

Bank Stock Interesting

The current situation in stock of Public National Bank & Trust Company is most attractive at the present time, according to a brief comparative analysis just issued by Hoit, Rose & Troster, 74 Trinity Place, New York City. Present earnings are running well above 1940 levels and a substantial benefit should be derived from any improvement in money rates, the analysis states. Copies of the release may be obtained from Hoit, Rose & Troster on request.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Oct. 20 a summary for the week ended Oct. 11, 1941, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Oct. 4, 1941—	Total for Week
Odd-lot Sales by Dealers:	
(Customers' Purchases)	
Number of Orders	14,156
Number of Shares	359,348
Dollar Value	13,721,933
Odd-Lot Purchasers by Dealers—	
(Customers' Sales)	
Number of Orders:	
Customers' Short sales	248
Customers' other sales a	16,132
Customers' total sales	16,380
Number of Shares:	
Customers' short sales	6,457
Customers' other sales a	381,435
Customers' total sales	387,892
Dollar Value	12,458,675
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	210
Other sales b	112,210
Total sales	112,420
Round-Lot Purchasers by Dealers—	
Number of Shares	86,290

a Sales marked "short exempt" are reported with "other sales". b Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot.

Chromium Looks Good

Chromium is today the world's master metal, and the effect of present demand on the stock of Basin Montana Tunnel Company, owners of substantial interest in a large producing Quebec chromium mine, offers interesting possibilities, according to a circular being distributed by Charles Hughes & Co., Inc., 32 Broadway, New York City. Copies may be had upon request from Charles Hughes & Co.—ask for Circular D.

Taylor, Bates Admit Two

James F. Donegan and David G. Reuter will be admitted to partnership in Taylor, Bates & Co., 48 Wall Street, New York City, members of the New York Stock and Curb Exchanges, as of November 1st.

RAILROAD SECURITIES

There have been reports recently that an attempt will be made to revive the Chandler Act which had a one-year tryout in 1939 and was the vehicle by which Lehigh Valley and Baltimore & Ohio escaped judicial reorganization in the lean years preceding the armament boom. The Act was designed to facilitate voluntary plans of readjustment of bond interest or principal maturities. It eliminated the problem of holdouts which have been the bete noire of all other voluntary proposals. Under the Chandler Act, a plan of readjustment, that had been approved by the I. C. C. and the court, was binding on all security holders if assented to by holders of at least three-quarters of the total claims affected, including at least 60% of the claims of each individual class affected.

Under this Act, Baltimore & Ohio was able to put a large part of junior interest on a contingent basis for eight years and to extend impending principal maturities. Lehigh Valley actually postponed a portion of junior interest due from 1938 to 1939 for a fixed period of five years and also extended near term maturities. The experience of these two roads under the Chandler Act was far happier than that of "Nickel Plate" in its periodic extensions of the 6% notes. There is always naturally a feeling of resentment on the part of those who have gone along with the management when they find non-assenters having their original contracts fulfilled.

There has been little quarrel with the aims of the Chandler Act insofar as it applies to principal maturity extensions. There is no reason why a road otherwise soundly capitalized and well able to support its debt should be forced into a full reorganization, with a consequent loss to all concerned, just because on a specific date the company does not have cash to meet a principal maturity in full or market conditions are temporarily such that public refunding operations are not feasible. If there is no chance that non-assenters are going to get their full face value in cash it is much easier to get holders to accept the terms. Likelihood of recurrence of the difficulty can then be minimized by a provision in the plan calling for the segregation of a substantial part of any future earnings for use in debt retirement.

With respect to the real efficacy of proposals for interest adjustment there is less general agreement. There is a feeling in many quarters that inability to meet interest charges should be accepted as prima facie evidence of a fundamentally top-heavy debt structure which can be corrected only through a thorough capital revision. Temporary suspension of payments or placing a portion of the charge on a contingent basis does not get to the root of the matter, merely postponing the evil day of accounting. Such argument does not contend that just because a road is unable to earn its interest charges one year or two years in a depression period it is too heavily bonded. It does contend, however, that a road not basically overburdened should have had sufficient excess earning power in the normal or good years to lay aside a surplus to carry it over the lean periods.

A property just able to scrape through by a small margin in the normal years is a constant threat which should be eliminated through court processes. The quick failure of the Chicago Great Western interest postponement plan of 1934, and subsequent real reorganization is cited as a case in point.

Revival of the Chandler Act at this time would apparently have limited application unless put on a permanent basis or unless we run into an unexpected business recession over the near term. It might help the Colorado & Southern in effecting its plan for placing part of its interest on a contingent basis. Required assents could thus be reduced from the 85% called for under the pending proposal. It might also bring some action (expected periodically for a long time) from "Katy" which has covered its charges in only one year of the past eight or "Lackawanna" which has operated profitably only once in the last nine years. The most obvious beneficiary, however, would be Delaware & Hudson in connection with its $49,000,000 maturity (virtually its entire debt) early in 1943. There is no possibility of meeting this maturity in cash, and for some time it has been reported that the management has been working on a plan for at least partial extension, without benefit of any Chandler Act.

Bernard, Winkler Admits

Menko Rose, Jr. will be admitted to partnership in Bernard, Winkler & Co., 11 Wall Street, New York City, members of the New York Stock Exchange, as of November 1st.

Rutherford With Hutton

(Special to The Financial Chronicle)

LANSING, MICH. — Scott V. Rutherford, formerly manager of the Bond Department of the Central Trust Company, has become associated with W. E. Hutton & Co., 121 West Michigan Avenue.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—34 5/6, low—$14\frac{3}{4}$, last $32\frac{3}{4}$.

Bank and Insurance Stocks

This Week—Bank Stocks

The prospect that excess reserves at New York may continue to decline substantially has stimulated discussion of the possibility of firmer short-term money rates.

Excess reserves of New York City member banks dropped to $1,695,000,000 Oct. 15, 1941, a decline of $1,725,000,000 (50%) compared to year ago and the lowest since December, 1938.

Factors in the offing should operate to cause further reductions: (1) The Nov. 1, 1941, increase in reserve requirements (which should take about $500,000,000); (2) Shift of funds to other centers and pull on bankers balances at New York; (3) Expansion in earning assets and deposits; (4) Seasonal increase in circulation. On the other hand, the factors chiefly responsible for the past growth in excess reserves—inflow of gold and foreign capital, and open market operations—are inoperative.

Considering these factors, it is possible that excess reserves at New York may dip below $1,000,000,000 by the year-end. While such a total is hardly conducive to a substantial rise in money rates, the trend is sufficiently sharp downward to suggest the possibility of fractionally better short-term rates.

This would not mean an important rise in the whole rate structure that would upset bond prices and invoke Treasury money market powers to keep rates low. However, a fractional rise in short-term rates may not be objectionable to Washington, but it would be important enough to the large New York City banks which keep heavy positions in short-term earnings assets.

The following table indicates the effect on earnings of an assumed ¼ of 1% rise in average rate of return on present volume of earning assets of leading New York City banks:

present net return on earning assets. This ranges from 0.43% to 1.46%.

Current net on earning assets depends to a great extent, in turn, on the invested position—the volume of earning assets to total available funds (capital funds plus deposits). For example, the bank earning 1.46% on earning assets keeps a 71% invested position. The "leverage" ratio—earning assets to capital funds—also affects the extent to which the ¼ of 1% assumed rise is magnified on capital funds. Maturity distribution also affects the earnings rate, the above bank keeping higher than average maturities on Government securities, its chief earning asset.

It is apparent, therefore, that even a fractional rise in average rate of return should have an important effect on bank earnings. Effect would vary widely as among individual banks, depending on differences in volume and maturities policies, and leverage. However, the data justify the conclusion that it would not require a major upheaval in money rates for bank earnings to show important improvement.

	Per Share—Earning Assets	Available Funds	Indicated Profits 12 Mos. to 9/30/41	¼ of 1% Rise on Eg. Assets
Bankers Trust	$397	$573	$3.15	$0.99
Bank of New York	3,259	5,021	20.26	8.15
Bank of Manhattan	253	397	1.18	0.63
Brooklyn Trust	1,170	1,884	4.99	2.92
Central Hanover	837	1,315	6.28	2.09
Chase National	333	517	1.93	0.83
Chemical	329	516	2.28	0.82
Commercial National	1,522	2,466	12.60	3.80
Corn Exchange	353	587	1.79	0.88
Empire Trust	855	1,291	4.41	2.14
First National	7,074	9,973	103.50	17.69
Guaranty Trust	1,962	2,978	14.87	4.90
Irving Trust	108	178	0.71	0.27
Manufacturers Trust	426	647	(a)3.92	1.06
*National City	355	510	(b)1.74	0.89
New York Trust	656	1,139	5.17	1.64
Public National	352	493	3.36	0.88

*Including City Bank Farmers Trust Co. (a) Operating earnings. (b) Excluding recoveries.

Most if not all of the above assumed increase in gross earnings should be reflected in net income, because such rise in yield should not by itself involve increased expenses and would assist in readily absorbing rise in uncontrollable costs such as taxes. It will be noted that the ¼ of 1% rise in return would mean increases of 17% to 59% over current indicated net income, the variation depending on actual

Exonerated

C. W. McNear and Robt. L. Creek, partners of C. W. McNear & Company, Investment Bankers of Chicago, were exonerated today from all of the alleged conspiracy charges in connection with the purchase in December, 1939, of the Chester Water Service Company by the Chester, Pennsylvania, Municipal Authority, when the entire matter was dismissed today by the District Attorney of Delaware County with the approval of the Court. Their firm purchased approximately $6,000,000 water revenue bonds issued to finance the acquisition of the water system by the Authority.

According to Thos. D. McBride, Philadelphia attorney, their actions throughout the transaction, all of which were done with advice of counsel, conclusively showed their entire good faith and that there was no intent at any time to do anything improper.

The eleven other men concerned, including former State Senator McClure, City and Water Company officials and a group of local lawyers and businessmen, heretofore in three different trials have been found not guilty of any wrongdoing in connection with this Water Company purchase. The Court today approved the entering of a nolle prosse against any and all remaining counts or charges.

JOTTINGS

(Continued from First Page)

sponsibility for the negligence. The RRC, it seems, simply didn't know the dangerous conditions.

While the OPM is preparing to send out thousands of inspectors to check up on private business' use of scarce metals, including copper, the REA is going merrily ahead with work on 500 miles of transmission lines and the required sub-stations to carry power from the Possum Kingdom Dam in South Texas which the Texas Electric Service Company nearly a year ago offered to handle over its existing lines.

A great many different things seem to have combined to explain the recent strength in Cuban shares. Cuba's gross income from sugar is likely to run $175,000,000 this year against $110,000,000 in 1940 and an average of $135,000,000 a year from 1935 to 1940. This is nothing compared with the 1920's, but on the other hand it is much more reliable, being more or less assured by the control system both in this country (Sugar Act) and in Cuba. So whenever the war is over there's likely to be neither a price blowoff nor subsequent depression. Moreover, there's little such worry over land-laws as the Puerto Rican companies experience; American sugar firms in Cuba are typically processors, not growers. And in the last decade they've reconstructed their plants and in some cases their capital structures. Lease-lend this Spring re-enabled Britain to buy Cuban (instead of Empire) sugar, and the American navy in the Atlantic, plus the reduced rate of sinkings, assures continuance of this buying (Britain this month raised its sugar ration 50%) while Far Eastern tension shuts Philippine and Javan sugar further out of the picture. Cuba can expand production more easily than domestic American beet-growers, and is now inside the American defense system.

Three wild Washington statements in a single week. Mr. Henderson told the Economics Club of Detroit that "for 3,000 corporations profits after taxes will be up 60% this year compared with 1940." SEC Commissioner Burke opined that investors' lack of interest in common stocks is because investment bankers prefer to "bet on sure things." And Commissioner of Labor Statistics Lubin told the House Banking Committee that (1) wage increases have not been the cause of the rise in prices, that (2) increases in prices have generally outrun rises in prices, that (3) strikes have not had a seriously retarding effect on defense production, and that (4) the strike situation is "definitely improving."

Washington people are so droll!

If you want a real hobby, try learning to identify the different military planes being built in this country. You will be surprised how many times what you can learn will prove of interest and even of value. After you have learned the major bombers most frequently in the news, like Boeing's B-17, Douglas' monster experimental B-19, North American's B-24 (all 4-engine jobs) and the B-26 (Martin's 2-engine sensation) you can tackle the pursuit and interceptor ships—Lockheed's odd-looking P-38 interceptor, Bell's sensational P-39 Airocobra, Curtiss' P-40 and its antecedents P-36 and later models, you can branch out into such less frequently seen models as the Brewster Buffalo, Republic's Thunderbolt (P-48), the Douglas A-20-A, seen over New York recently, Ryan's curious-looking YO-51 and other specialties. More fun! Remember when you were proud you could identify the different automobile makes? All the above and many more can be easily identified, if you know how.

It's hard to realize how fast the defense program is drawing Washington control round American industry—particularly hard if you're in Wall Street, because the Street, being already a group of captive crafts, is pretty much inside the storm-center and so comparatively calm. Under the Ship Warrant Act you can't move a ship from an American port without Washington O. K. Importers and exporters are under fast-tightening control. Says Barron's, "the whole metal-using industry is to be strained through OPM's priority division." The farm equipment people are to be used as guinea-pig for the new and tighter allocation system replacing priorities. Through RFC subsidiaries plus crackdown on excess private inventories, Washington is getting ownership of all major commodities. Banking loans are to be divided into categories and separately regulated. Civilian use of copper is on the way out. Even power-loving New Dealers seem alarmed at the administrative problems of the new controls; Henderson's chief argument against the Baruch price-control plan is the difficulty of administering it.

Russia is by no means through even if Moscow is taken. Since 1918 and particularly since 1928 the Russians have been feverishly moving their industry eastward. Much can be done in ten years, particularly under the first and third five-year programs, with their heartless diversion of every ounce of capacity from the creaking Russian industrial machine into armament.

For the quickest way to think of Russian geography, imagine it as the United States in reverse.

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The Securities Salesman's Corner

It is our desire to develop this column into a clearing house for ideas. If we could pass along some things that the other fellow is doing which is helping to meet present-day conditions it no doubt would be of some interest to all concerned. In this connection, we would sincerely appreciate your comments or criticisms and any suggestions you might wish to send along.

DISCARD DEADWOOD

One Good Prospect Is Worth Ten Time Wasters

When Larry McPhail came to Brooklyn a few years ago the Flatbush faithful didn't have much of a ball team. Within three years he produced a pennant winner. Or haven't you heard? This may not have much to do with selling seurities but the lesson lies IN HOW HE DID IT.

The first thing McPhail did was that he got rid of dead wood. He knew how to discard. He even fired the manager. Now he could have struggled along for many more years with the same poor gate and the same old cry of "let's wait till next year" if he had tried to build a pennant winner out of the material he had on hand. He didn't do this—he got new players. He bought them, he traded for them, he brought them up from the minor leagues, the American League, and some were even castoffs—put together they became the champs.

Salesmen who have been covering the same old rounds of the same old prospects with the same old "second division" results should replace such prospects and clients—with new talent. One of the easiest things for anyone to do is to get into a rut. Salesmen are no exception—yet too many calls on the same old track, without any appreciable increase in business, is a sure way to keep one's earnings on a "wait till next year basis."

In order to facilitate this weeding out process, providing this gentle urge may be the motivating force, here are a few suggested questions one might ask himself when going through a well worn, dog eared, prospect list.

1. After all the calls I've made does prospect still appear to be aloof, rather reserved, or grudgingly polite? You'll know, we all have these cases. If so, toss him out—life's too short, and there are too many more prospective clients that are easier to cultivate and eventually do business with. Use judgment here, though, sometimes these fellows are the best customers once you know them.

2. Is customer one of these very nice fellows who bought ten shares of listed stocks a year ago, who gives very little evidence of more business or radiation, yet is such a pleasant fellow that whenever salesman is in the neighborhood he has to stop in, if even for a social call. Too many of these cut down on the income, even if they are pleasant companions for killing time.

3. Is customer or prospect the kind who wants ten dollars worth of information, statistical service, reports, etc., but only can supply about one dollar of business in return. These are hard to let go, but if you want to increase your business—better do it!

4. Is prospect tied up with another house so tightly that only a miracle will pry him loose? Forget the glory of finally making a sale to him. You may make an occasional sale to this type, but the odds are against it—go after bigger game, this one is already bagged—but by another house.

5. Is this prospect inaccessible, the hard to see fellow necessitating call backs too numerous to make it worth while, or is he the kind who keeps you waiting for a long while before you can have a short interview—let him go. Don't bother with time wasters—there are too many other investors you can call on that won't kill half your day before you see them.

6. The fellow who once bought a security from you and because it is now down in price never fails to remind you of it and who shows by his attitude that he cannot be revived into a regular client. Let him go too—he's had enough and every time he sees you he's reminded of something unpleasant. Sad but true—he's harder to move now than someone who never saw you before.

Other cases such as this can be added to this list. After the weeding out process go after new accounts. Better two or three substantial accounts that are new and profitable during the net few months plus keeping what other profitable accounts still remain on any salesman's list—than all these other idle calls that lead nowhere.

Several years ago a certain salesman traveled about one hundred miles to call on a prospect who answered a newspaper advertisement run by his firm. The prospect happened to be a three and a half million dollar account. He developed it. He sold this client the right securities. Slowly he developed the account until today he is one of the executors, has complete direction of the entire fund—and as you may have already guessed—he's no longer a salesman; he's got the headaches of being in business for himself.

He wouldn't have made this call though if he had been wasting his time on a box full of worn out prospect cards that for too long had been leading him exactly—nowhere. Toss out the lemons—get some new names—see some new faces—but keep the good ones even if there are only a handful of them. Better six good customers than sixty time wasters.

Our Reporter On "Governments"

(Continued from First Page)

current levels for some time. . . . This market is not going to run away on the upside with so many uncertain factors bearing down upon it. . . .

Cash Financing

In the last week, Secretary Morgenthau has made several significant announcements — announcements of prime importance to every investor in Government bonds, to every present and future holder of United States obligations. . . .

Among the most significant was his statement to his press conference that "we will most likely have to go into the market at least every other month." . . .

That is a tremendous task for any Treasury Department—especially for a Treasury Department at a time of worldwide chaos. . . . What it means is that:

(1) All banks, insurance companies, individual investors will have opportunity after opportunity to buy intermediate - maturity and long-term Government bonds at 100—or at prices below the then market level. . . .

(2) Official support of the market is to be a vital part of the Treasury financing program, for without some "power" behind the market, a constant borrowing program would be an impossibility. . . .

(3) Any sharp break in Government bond prices—or any prolonged decline—is considered unlikely as long as a task of such magnitude faces the Treasury Secretary. . . .

(4) Similarly, any great change in interest rate levels is to be deemed out of the realm of probability. . . .

The chances are the next major Government borrowing will take place in December, when Morgenthau may refund the $426,000,000 1¾% tax-exempt notes, due March 15, 1942. . . .

It's possible that financing may get up to the $1,500,000,000 mark too. . . .

The End of the Guaranteeds

In his announcement concerning the "every other month" cash borrowing, Morgenthau proposed that the Treasury become the exclusive borrower in the Government market—and that it take over the financing operations of all the Federal lending agencies. . . .

That statement, an astonishing one to most observers, forecasts the end of Government-guaranteed obligations in the United States. . . . It foretells the end of such securities as RFC notes, Commodity Credit Corporation notes, U. S. Housing Authority obligations. . . .

It marks a reversal in a financial policy of the Treasury that has been dominant for years—a policy under which Morgenthau attempted to make the agencies self-sufficient as far as financing was concerned. . . . Now his program aims at just the opposite goal, for his new idea will mean that the agencies will lose their identities in the Government market. . . .

This is important news. . . . The "rights" on Government-guaranteed issues are apparently worth exactly nothing at this time and from now on. . . . The premiums on near-maturity agency obligations are not justifiable under any circumstances. . . . The issues may be held just as a substitute for cash—and for no other reason at all. . . .

It's a good plan, by the way. . . . Virtually all authorities on Government bonds agree to that. . . . There has been no sense to Government-guaranteed securities for a long time, for they have been simply substitutes for direct obligations of the Treasury. . . . There has been no distinction between the types of issues. . . . And they have confused the financing picture. . . .

No definite details on Morgenthau's plans are available at this writing, but it is likely that the Treasury will continue issuing $150,000,000 of bills every week instead of $100,000,000 — the amount it has been selling in re-

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Investment Trusts

Investment Company Reports

Broad Street Investing Corporation

Broad Street Investing Corporation reports net assets of $5,598,503 on Sept. 30, 1941 which compares with $5,482,793 on June 30, 1941. The asset value of the company's capital stock was $21.01 on Sept. 30. On June 30, the asset value was $20.11, while on Dec. 31, 1940 the asset value was $21.05.

A distribution of 25 cents a share, which was more than covered by net dividend earnings for the quarter, was paid on Oct. 1. The declarations from net income to date this year aggregate 75 cents a share which compares with 67 cents a share for the first nine months of 1940.

Cash dividends and taxable security dividends received during the quarter totaled $250,562. Expenses amounted to $38,009. Net income was $212,553.

Substantial decreases were made in several portfolio holdings during the quarter. Important among these were the sale of 700 shares of Deere & Co., 1,200 shares of General Motors Corp., 1,200 shares of Homestake Mining Co., 2,400 shares of International Nickel Co. of Canada, 800 shares of Louisville & Nashville RR. Co., 800 shares of Montgomery Ward & Co., Inc. The only addition to the portfolio was 1,500 shares of P. Lorillard Co.

* * *

Chemical Fund, Inc.

Net assets of Chemical Fund, Inc., taking securities at market value, increased from $8,051,113 to $8,397,055 during the quarter ended Sept. 30, and asset value and liquidating value per share from $9.00 to $9.44. This increase in asset and liquidating value, according to the quarterly report being sent to stockholders, represents a continuation of a similar improvemnt shown in the preceding quarter. As of Sept. 30 there were 888,894 shares outstanding.

"The dividends declared and earnings reported by portfolio companies for the first half of 1941 give renewed evidence of the ability of the chemical industry to adapt itself to present conditions," says the report. "In the face of defense priorities, labor conditions, price controls and high taxes, the chemical industry has continued its growth."

Income from cash dividends for the six months ended Sept. 30, the first half of the company's fiscal year, totaled $170,730 compared with $164,568 for the corresponding period last year. After all expenses but before loss of $12,705 on sales of portfolio securities, net profits for the six months amounted to $143,403 compared with $132,514 for the like period of 1940.

* * *

Eaton & Howard Balanced Fund

Eaton & Howard Balanced Fund net asset value per share on Sept. 30, 1941 was $17.56, compared with $17.44 on June 30, 1941, and $17.07 on Sept. 30, 1940. The following schedule, taken from the report, shows the total net worth of the Fund, number of shares outstanding, and the net worth per share on Sept. 30, 1941, compared with June 30, 1941 and Sept. 30, 1940.

	Sept. 30, 1940	June 30, 1941	Sept. 30, 1941
Total Net Worth	$3,010,207	$3,488,628	$3,651,652
No. of Shs. Outstg.	176,290	199,936	207,854
Net Worth per Sh.	$17.07	$17.44	$17.56

Due to the increase in the number of shares outstanding, it is expected that the Fund soon will register 500,000 additional shares with the Securities and Exchange Commission. In connection with this registration a new prospectus will be prepared early in November.

The September dividend of 20 cents per share was the 38th con-

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Municipal News & Notes

Defense dollars are revitalizing the agricultural South's slow movement toward industrialization. The billions that have been spent are having far-reaching effects now, but thoughtful leaders are looking to and planning for the future—planning in the hope that today's economic blessing may not become tomorrow's curse.

In Virginia, for example, where defense contracts approximate one billion dollars, a movement is under way to convert this vast new and unexpected industrial giant into peace-time usage. Louisiana, through its State Department of Public Works, is compiling a master plan for peace-time development after the emergency.

North Carolina towns and cities have been asked to state their economic needs and industrial capacities for use when defense spending ends, and in Arkansas, a State planning board is devising ways of utilizing for years to come the more than $200,000,000 worth of war-like plants already authorized.

Thus far the many millions have poured in so quickly and so unexpectedly that the situation in the South as a whole is confused. There is not a single Southern State, however, whose economic position has not been improved in some way by the defense effort, a survey by The Associated Press shows.

Many small communities, for generations attuned to the leisurely tempo of traditional agricultural activities, suddenly have found themselves the center of tremendous industrial activity, with an influx of thousands of skilled workers changing their entire outlook.

S. E. Bryant, Tennessee's commissioner of labor, says this of these swift changes:

"Thousands of new job opportunities are being made available to workers, defense training schools in every section are offering courses to train prospective workers for employment in these new industries. Business indexes of all types have shown consistent increase since the inception of defense expenditures."

Commissioner Bryant also said that a new, large class of workers, skilled in aircraft, powder, machine shop, shell loading production, is being created and thousands of them are men who previously were classed as farmers.

Cities Face Employe, Materials Problems

Cities face three chief problems as a result of the national defense program, a survey by the International City Managers' Association showed Monday. The problems involve obtaining priorities on materials needed for municipal services, holding employees offered higher salaries by defense industries, and meeting employee demands for increased wages to match the rising cost of living.

The survey included reports from 27 cities of varying size and character in 21 States. Affected most drastically were municipalities in defense areas, where increased demands for municipal services have resulted in rapid expansion of such services as recreation facilities, garbage collection, and police protection. A shortage of housing in a few cities points to increases in rents and, perhaps, to municipal control of rents, according to the survey.

Several officials said cities should be given financial aid by the Federal Government, and many expressed concern over what will happen after the defense emergency is past in regard to employment conditions, expanded facilities and municipal debt.

Municipalities Seen Exempt From New Sales Taxes

Local governmental subdivisions will be exempt from payments of the new or increased Federal sales taxes on many items used in municipal operation, according to a bulletin issued recently by the Municipal Finance Officers Association of the United States and Canada. It is necessary, however, for the taxing bodies to make application for the desired exemption, the association indicated.

Practically the only item in the new 1941 Revenue Act affecting local governments is the Federal admissions tax, the bulletin states, which the city must collect whenever admission is charged to any auditorium, school entertainment, recreational facility or other place operated by the municipality. A bill to exempt admissions to publicly owned recreation facilities from the tax is pending in Congress.

Among the items mentioned as exempt by the association are phone calls, automobiles, firearms, and "several dozen" others.

City and village finance officers were advised by the association to scrutinize all invoices closely during the next few months to make sure that they receive the full benefit of tax exemptions. As a general rule, the association says, the municipalities should not pay the taxes, but should file a certificate of exemption with the merchant or dealer from whom they make a purchase. They also should require that invoices show the gross price, the amount of the tax, and the net price to the municipality. The exemption certificate is routed back to the person or concern which paid the tax—usually the manufacturer—and with the certificate he is able to obtain a refund.

Country's Total Tax Collections Last Year Over 12 Billion

Combined tax collections for all governments in the United States last year exceeded $12,000,000,000, of which Federal imposts accounted for 38% of the levies by the 48 States, and three Territories 25%, and local political subdivisions, such as cities, counties and school districts, 37%.

These figures are from a study just made public by the Tax Institute of the University of Pennsylvania.

For 1911, the report says, total tax collections of those units amounted to only $2,600,000,000, or about one-sixth of last year's bill. Greater significance, however, is attached by the institute to the changing proportions of the various governments over the 30-year term than to the size of the increase.

This shifting of shares is shown in the following table by five-year periods:

Year	Total Tax Collections	Fed. Sh. %	States' Sh. %	Local Sh. %
1911	$2,696,996,000	24	11	65
1915	2,937,463,000	21	13	66
1920	8,786,573,000	65	7	28
1925	7,983,442,000	39	14	47
1930	10,292,238,000	36	17	47
1935	10,468,043,000	35	20	45
1940	12,872,690,000	38	25	37

"Increasing centralization can be seen in the 30-year trend," says Dr. Mabel L. Walker, director of the institute, in the report. "As judged by tax collections, the process of centralization would appear to have been proceeding apace during the three decades. The most headway in this direction has been made by State in relation to local revenues. This is not surprising in view of the increasing tendency to share State-collected taxes with local units, and to grant subventions from the State treasury for local functions."

N. Y. State Legal List Policy Stated

The New York State Banking Board will not add to the State's list of legal investments for savings banks and trust funds any new issues of securities marketed in a manner to favor a few large institutions, William R. White, State Superintendent of Banks, told the forty-eighth annual convention of the Savings Banks Association of the State of New York in White Sulphur Springs on Tuesday. The speaker made it clear that in the future only issues with reasonably wide distribution would be added to the legal list.

"The last issue made legal for savings banks' investment in this State by the Banking Board was American Telephone & Telegraph debentures due 1976," he said. "In this case the action of the board was futile because, as a result of the competitive bidding procedure pursuant to which these securities were marketed, the entire issue was bought by three life insurance companies. The board has decided that to add such issues to the list results in no advantage to savings bank depositors but, on the contrary, favors a marketing plan the advantage of which rests almost entirely with a few gigantic institutions."

N. Y. State Voters To Pass On Grade Crossing Diversion

Voters of New York State will be called on at the general election on Nov. 4 next to vote "yes" or "no" on the transfer of a portion of railroad grade crossing moneys to highway and parkway construction.

The sponsors of this amendment believe that the voters of the State would not approve an expansion of the present debt incurring power of the Legislature. They have therefore studied the present debt limit of $300,000,000 for the elimination of railroad grade crossings and have found that $60,000,000 can be deducted from the balance of authorized grade crossing funds without seriously interfering with this program.

By transferring $60,000,000 of grade crossing balances, $30,000,000 can be made available for urgently needed highway improvements, and $30,000,000 for parkway improvements supplementing the highway program, and providing equally needed new motor arteries.

The Legislature has passed, and the Governor has signed an act providing definitely for the use of the $60,000,000 proposed to be transferred to highway and parkway construction. This act becomes effective on Jan. 1, 1942, if voters approve the grade crossing amendment.

O'Leary Named To Comptroller's Post

The State committees of the Democratic and American Labor parties, meeting separately on Saturday, nominated Joseph V. O'Leary of Manhattan, State Commissioner of Standards and Purchase, and a member of the American Labor party, as their candidate for State Comptroller, to succeed the late Morris S. Tremaine. Governor Lehman had appointed Mr. O'Leary last Friday as Comptroller to fill the vacancy until Dec. 31, and the nominations followed.

Republicans Nominate Moore

Frank C. Moore of Erie County, head of the influential Association of Towns, was nominated on Monday by the Republican party to oppose Mr. O'Leary for the Comptroller's office. This action is of particular interest to the municipal fraternity since Mr. Moore is a member of the well-known New York law firm of Dillon, Vandewater & Moore.

The assemblage of the Republican State Committee revealed considerable sentiment among individual members for the nomination of Abbot Low Moffat, Chairman of the Assembly Ways and Means Committee, but Mr. Moffat had already withdrawn after the decision of the party leaders that the nomination should go up-State.

Instead, Mr. Moffat made the principal seconding speech for Mr. Moore, who is a personal friend, praising his integrity, courage and knowledge of State finance. He recalled Mr. Moore's services in connection with finance during the 1938 constitutional Convention.

N. Y. City Sales Tax Cuts Signed

Mayor LaGuardia on Monday signed New York City local laws reducing the sales and compensating use taxes from varying rates of 3% and 2% to a flat impost of 1%, effective next Monday. The City Finance Department is trying to decide whether to apply the same scale of taxes as existed in the original bill adopted in 1934 or whether to change it. Under the old law purchases up to 12c. carried no tax; those between 13c. and 63c. were taxed 1c. and those of larger amounts up to $1 were taxed 2c., with the 2% rate applying to purchases over $1.

Pittsburgh Obligations Described

S. K. Cunningham & Co., Inc., Commonwealth Building, Pittsburugh, Pa., have prepared a highly informative brochure on the bond and note issues of their native city. A complete tabulation has been drawn up, listing, as of Oct. 15, 1941, the title of issue, interest rate, date and amount of issue, legal opinions, &c., on all currently outstanding securities. Parties interested in obligations of Pittsburgh may obtain a copy of this valuable booklet upon application to the above firm.

Discussion Rages Over "Hetch-Hetchy" Bond Proposal

Sharply criticizing what he termed a "campaign" against approval at the Nov. 4 election by voters of San Francisco of the proposed $66,500,000 bond issue for purchase of the local electric distribution facilities, Harold L. Ickes, Secretary of the Interior, intimated in Washington that he might go to the coast city to participate in the movement for authorization of the financing.

Scheduled to address a convention of the American Petroleum Institute in San Francisco on Nov. 5, Mr. Ickes asserted that he is considering going there earlier to assist in the debate in favor of the bond approval.

On Aug. 18 the San Francisco Board of Supervisors voted to place on the ballot at the coming election the proposal for a bond issue for the purpose of acquisition by the city of the distribution system of Pacific Gas & Electric Co. under a plan recently approved by the Interior Department.

In addition to purchase of the utility facilities, the bond issue would cover construction of an additional hydro-electric plant at Red Mountain Bar, extension of the present power line from Newark into San Francisco, and purchase or construction of a steam standby plant.

Mr. Ickes asserted that he would not join in any further requests for a stay in proceedings to enjoin San Francisco from selling Hetch Hetchy power to Pacific Gas & Electric Co., which he accuses of backing the movement to defeat the bond issue.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

Oct. 24th

$2,100,000 Natchez, Miss.
B. J. Van Ingen & Co., Inc. of New York, headed a banking syndicate which offered last October $2,058,000 bridge revenue bonds, dated Dec. 1, 1938.

Oct. 28th

$600,000 Portland, Ore.
On Sept. 2nd the city awarded bonds to Halsey, Stuart & Co., Inc. of Chicago, while the First National Bank of Portland was second.

$537,000 Sanford, N. C.
This city has not sold bonds recently, having its debt worked out under a refinancing plan. These bonds are being issued to take up 4½ and 5% bonds issued June 1, 1937.

Nov. 4th

$1,030,000 Terrebonne Par., La.
This parish has not made any recent sales of bonds.

Nov. 5th

$2,543,000 Martin Co. and St. Lucie Inlet Dist. and Port Auth., Fla.
This appears to be the initial piece of financing by this combined authority.

Nov. 12th

$500,000 Lafayette Par., La.
We do not find a record of any recent sales by this parish.

Oct. 29th

$10,230,000 Asbury Park, N. J.
These bonds are being issued as part of the refunding program for the above city. There have been no recent sales of bonds.

Investment Trusts

(Continued from page 711)

secutive quarterly dividend paid since the organization of the Fund. This dividend was at the same rate as those paid during the first two quarters of the year.

As compared with the Fund's portfolio on June 30, 1941, cash is slightly higher. Bonds now represent 26.5% of total net assets compared with 29.3% on June 30, 1941; preferred stocks, 27.6% compared with 24.2%; and common stocks, 36.6% compared with 38.4%.

* * *

Eaton & Howard Stock Fund

Eaton & Howard Stock Fund net asset value per share on Sept. 30, 1941, was $10.54, compared with $10.32 on June 30, 1941, and $10.62 on Sept. 30, 1940.

As of Sept. 30, 14.03% of net assets was held in cash, compared with 16.96% at the beginning of the quarter.

* * *

Fundamental Investors, Inc.

Net assets of Fundamental Investors, Inc., totaled $6,554,920 on Sept. 30, 1941, equivalent to $15.60 per share. This compares with a value of $15.06 per share at the close of the preceding quarter, and $15.51 per share on Dec. 31, 1940.

In regard to management policy Philip J. Roosevelt, President, stated in the letter to shareholders:

"Your management has thus far striven to maintain a concentration of investments in the securities of those companies which;

(a) have relatively high exemption basis for purposes of the excess profits tax;

(b) are currently applying all, or a substantial portion, of their facilities directly and indirectly in production of defense products. but which have a substantial peace-time business to which they return after the war.

Those few issues which do not fall within the above classifications are being retained because their current market prices appear adequately to discount the adverse conditions."

Cash dividends and taxable security dividends received during the quarter totaled $267.641. Net income, after payment of expenses of $41,918 including management fees, amounte dto $225,723.

* * *

Massachusetts Investors Trust

The net asset value of Massachusetts Investors Trust was $17.82 on Sept. 30, 1941, up 5.44% from the net asset value of $16.90 reported on June 30.

The Trust has made an October distribution of 21 cents over the 1940 distribution for the same quarter. In this connection the report states: "During the past thirteen years the situation with respect to the yield on bonds and common stocks has been reversed. On Jan. 1. 1929, for example, the yield on Moody's selected group of 120 AAA corporate bonds was close to 5% and the average yield on stocks was 2½ to 3%. As of Sept. 1, this year, the yield on the bonds was 2¾% and on stocks better than 5%.

* * *

The George Putnam Fund of Boston

Investors purchased more shares in The George Putnam Fund during the past three months than in any previous quarter since the Fund was organized, and purchases during the month of September exceeded those of any other month according to the report for the quarter ended Sept. 30. 1941.

Both the total resources of the Fund and the value of each share increased during the quarter, as shown in the following table:

	June 30, 1941	Sept. 30, 1941
Total Value of Fund	$4,264,000	$4,841,000
No. of Shs. Outstg.	358.847	401,358
Value of Each Shr.	$11.89	*$12.07

*After provision for October dividend of 15 cents per share.

Cash dividends and interest received during the quarter totaled $55,189.18. After expense of $9,503.62, net income remaining amounted to $45,685.56. Net gain from sales of investment amounted to $10,243.99.

* * *

Investment Company Briefs

George Mixter, Secretary-Treasurer and Director of U. S. Smelting, Refining & Mining Company, and Leeds Burchard, President of the Citizens Savings Bank, Fall River, Mass., have been appointed Trustees of Eaton & Howard Balanced Fund.

Mr. Mixter, former Vice President of Stone & Webster, Inc., was elected to his present position in U. S. Smelting, Refining & Mining Company in 1934. Mr. Burchard was previously associated with Estabrook & Company, Boston, and subsequntly with Eaton & Howard, Incorporated.

* * *

Since the founding of Aviation Group Shares on July 19, 1939 the various special classes of Shares of Institutional Securities, Ltd., have all outperformed the Dow Jones Composite Average according to a chart covering the period from July 19, 1939 to Sept. 31, 1941 which has just been published by Hare's, Ltd., the Fund's general distributor. Adjusted for all dividends paid, Aviation Group Shares shows a gain of 33.5%; Insurance Group Shares a gain of 11.9%; and Bank Group Shares a loss of 2.4%. The Dow Jones Composite Average, credited with dividends at the annual rate of 4%, shows a loss of 3.8%, and the Dow Jones Industrial Average shows a loss of 4%.

The directors of Institutional Securities, Ltd., have declared a semi-annual cash distribution of forty-two cents per share on Aviation Group Shares payable Nov. 15 to holders of record Oct. 31, 1941.

JOTTINGS

(Continued from page 710)

Russian industry is (was) largely in the West; the Volga corresponds to the Mississippi, the Ukraine to the South, the Crimea to Florida, and the Urals to the Rockies. Then imagine that the United States had been straining under an all-out defense program since 1928, a major purpose of which was to move its armament industry westward toward the Rockies and even west of that. Discount for Russian industrial incompetence, but add on for the thoroughness of Russian government control over its population, and you can see that much can have been done to create a backlog of armament capacity beyond German reach.

And add the fact that snow is already falling around Moscow.

Miscellaneous

Arm American ships—with what? . . . Anent New Deal foresight, what has come of the "matured economy" theory? Or of the theory (see TNEC Monograph No. 37) that there is too much saving going on in this country? Or of the high-brow doubt aired frequently before the TNEC by its captive economists that technological advance is a national menace, tractoring out America's you-have-seen-their-faces? . . . An immense amount of private hoarding is going on—of canned goods, sugar, etc., by housewives, of essential commodities by industry. It's a smart move by the defense authorities—a little too smart—to imply that perhops some of this hoarding is Axis-inspired, even if some of it is. . . . At long last we have a farm program that actually calls for increased, instead of decreased production in some lines . . . in fact, the "basic crops" of today, like wheat and cotton, seem to be losing that status, and the "non-basic crops" of today may be the basic crops of tomorrow, like milk, dairy products, pork and other high-vitamin crops . . . keep your eye on farm wages. They are stealing up on agriculture and may in a year or two force Washington to quit curbing even cotton and wheat. . . . The railroads have something to crow about, now that the October carloadings peak is past and no car-shortage. . . . Curious about that cycle-theory in residential building. It calls for an 18-year cycle. Last peak was in 1925. That would make the next one come in 1943. And with defense housing, as Charles Palmer said recently, no nearer its goal than a year ago, it may come in 1943 at that.

Nation's Exports Greatly Increased In August Commerce Dept.'s Foreign Trade Report Shows

The Bureau of Statistics of the Department of Commerce at Washington on Oct. 11 issued its statement on the foreign trade of the United States for August, with comparisons by months back to 1936. The report follows:

August statistics of foreign trade, released today by the Department of Commerce, show a substantial rise in United States exports to a value of $455,000,000. They show expansion over July principally in shipments of defense supplies to British Empire destinations—notably of machinery, aircraft, and munitions.

After dropping off in June to $330,000,000 from the high April-May level of $386,000,000, export trade increased during both July and August to bring the July-August average value above $400,000,000. Although the earlier closing of monthly accounts caused a part of the drop shown by the June figures, the July-August level was nevertheless the highest point of the war period. The eight months'

(Continued on page 719)

July Statistics For Electric Lt. & Pr. Industry

The following statistics for the month of July, 1941, covering 100% of the electric light and power industry, were released on Oct. 15, by the Edison Electric Institute:

SOURCE AND DISPOSAL OF ENERGY—MONTH OF JULY

*Generation (net)—	1941	1940	% Change
By fuel burning plants	9,837,962,000	7,934,248,000	+24.0
By water power plants	4,387,758,000	4,159,826,000	+ 5.5
Total generation	14,225,720,000	12,094,074,000	+17.6
Add—Net imports over intern. boundaries	81,003,000	81,815,000	— 1.0
Less—Company use	169,753,000	124,085,000	+36.8
Less—Energy used by producer	299,978,000	435,566,000	—31.1
Net energy for distribution	13,836,992,000	11,616,238,000	+19.1
Losses and unaccounted for	2,207,838,000	2,005,400,000	+10.1
Sales to ultimate customers	11,629,154,000	9,610,838,000	+21.0
CLASSIFICATION OF SALES			
Number of Customers—As of July 31st			
Residential or domestic	25,516,036	24,521,419	+ 4.1
Rural (distinct rural rates)	958,307	672,298	
Commercial or industrial:			
Small light and power	4,280,421	4,237,205	
Large light and power	172,991	180,277	+ 0.8
Other customers	115,940	110,720	
Total ultimate customers	31,043,695	29,721,919	+ 4.4
Kilowatthour Sales—During Month of July			
Residential or domestic	1,926,962,000	1,769,059,000	+ 8.9
Rural (distinct rural rates)	283,435,000	261,624,000	+ 8.3
Commercial or industrial:			
Small light and power	2,044,938,000	1,819,230,000	+12.4
Large light and power	6,473,780,000	4,907,860,000	+31.9
Street and highway lighting	139,612,000	135,910,000	+ 2.7
Other public authorities	247,455,000	212,295,000	+16.6
Railways and railroads:			
Street and interurban railways	299,870,000	293,513,000	+ 2.2
Electrified steam railroads	172,039,000	150,373,000	+14.4
Interdepartmental	41,063,000	61,028,000	—32.7
Total to ultimate customers	11,629,154,000	9,610,838,000	+21.0
Revenue from ultimate customers	$217,685,200	$195,546,700	+11.3

Residential or Domestic Service (Revised Series)

Average customer data—	12 Months Ended July 31 1941	1940	% Change
Kilowatthours per customer	972	931	+4.4
Average annual bill	$36.74	$36.31	+1.2
Revenue per kilowatthour	3,78c	3,90c	—3.1

*By courtesy of the Federal Power Commission.

Our Reporter On "Governments"

(Continued from page 711)

cent weeks. . . . The extra funds raised through this maneuver could meet not only the U. S. Housing Authority maturity of $112,000,000 but also the $204,000,000 Commodity Credit Corporation maturity of November 15 and the $300,000,000 RFC maturity of November 1. . . .

The Treasury from now on will be the only borrower in the open market. . . .

It will raise the funds necessary to redeem agency issues as they come due. . . .

It will pay off those agency issues in cash, thereby nullifying the value of "rights" on these securities. . . .

More About "Rights"

As to the persistent rumors around Wall Street that all "right" values will be eliminated in the coming months—well, that's at best a 50-50 wager. . . . And if the odds are running in any direction, it's against the possibility of complete elimination of the "rights." . . .

Perhaps it's true that the "rights" are of no value to the Treasury, are, in fact, a nuisance. . . . Perhaps it is true that the "right" situation lets the market fix the terms on a new offering rather than the Treasury. . . . Perhaps there is some justification to the "feeler" that Morgenthau is resentful over the "right" situation that existed in the last borrowing. . . .

But this scarcely appears a good time to take a chance with eliminating some of the "sure gravy" in the Government market. . . . This doesn't appear a safe time to try to correct a situation that is not of real harm to the Government. . . .

It's probable that premiums of more than 3 points immediately after a formal offering will be conspicuous by their absence in the coming months. . . . But even if the "right" values are cut a point or so, they'll only be back to where they were in former years. . . . And if a move to eliminate the "rights" is to get underway, the chances are it will be extremely gradual, it will develop over a long time. . . .

(Continued on page 715)

Attractive Speculation

Class A common stock of All American Aviation, Inc. offers an attractive speculation, with interesting possibilities for appreciation, according to a detailed memorandum issued by Kobbe, Gearhart & Co., 45 Nassau Street, New York City, and Jenks, Kirkland & Co., members of the New York Stock Exchange, 1421 Chestnut Street, Philadelphia, which are now offering the stock.

All American Aviation, Inc. has been formed to bring air mail and air express pick-up service to communities not served by the major air lines. The company's planes are equipped with a patented device to pick up specially designed mail pouches in flight while dropping a pouch in the same operation. The company's operations are under the complete jurisdiction of the Civil Aeronautics Board, which has granted a permanent certificate, and since August 1940 the company has operated five air-mail pick-up routes over Pennsylvania, Ohio, Kentucky, West Virginia, Delaware and New York.

The company carried virtually no express during the first experimental year, due to the uncertainty of its status as a common carrier, but has recently undertaken an active program to develop this traffic and expects its express business to increase substantially within the next eighteen months and eventually to become a major source of revenue; the company also plans to manufacture and sell its pick-up devices to other operators of similar routes.

Copies of the circular describing All American Aviation, Inc. may be had upon request from Kobbe, Gearhart & Co. or Jenks, Kirkland & Co. Other details on the stock were carried in the Financial Chronicle of October 18th, page 650.

Census Report of Cotton Consumed, on Hand, &c., in September

Under date of Oct. 14, 1941, the Census Bureau issued its report showing cotton consumed in the United States, cotton on hand, active cotton spindles, and imports and exports of cotton for the month of September, 1941, and 1940. Cotton consumed amounted to 875,682 bales of lint and 129,731 bales of linters, as compared with 638,235 bales of lint and 94,794 bales of linters in September, 1940.

September consumption of cotton includes 12,000 bales distributed by Surplus Marketing Administration through various cotton mattress programs. The following is the statement.

SEPTEMBER REPORT OF COTTON CONSUMED, ON HAND, IMPORTED AND EXPORTED AND ACTIVE COTTON SPINDLES

(Cotton in running bales, counting round as half bales, except foreign which is in 500-pound bales.)

	Year	Cotton consumed during September (bales)	2 mos. ending Sept. 30 (bales)	Cotton on hand September 30 In consuming establishments (bales)	In public storage and at compresses (bales)	Cotton spindles active during September (number)
United States	1941	*875,682	1,749,795	1,636,521	11,523,702	22,963,944
	1940	638,235	1,289,123	784,116	10,747,398	22,281,476
Cotton-growingStates	1941	744,693	1,484,963	1,285,746	11,128,940	17,381,906
	1940	548,879	1,110,013	607,194	10,631,450	16,973,544
New England States	1941	101,194	201,635	292,224	366,017	4,954,328
	1940	72,502	145,410	145,448	109,780	4,719,420
All other States	1941	29,795	63,197	58,551	28,745	627,710
	1940	16,854	33,700	31,474	6,168	586,512
INCLUDED ABOVE						
Egyptian cotton	1941	5,880	11,527	38,115	5,022	------
	1940	4,259	8,287	27,619	5,512	------
Other foreign cotton	1941	8,962	17,817	49,146	65,848	------
	1940	5,477	10,710	28,913	24,918	------
Amer.-Egyptian cotton	1941	2,430	5,184	11,230	6,312	------
	1940	1,745	3,681	7,950	5,671	------
NOT INCLUDED ABOVE						
Linters	1941	129,731	261,045	444,527	78,995	------
	1940	94,794	181,613	379,162	66,514	------

IMPORTS OF FOREIGN COTTON (500-pound bales)

Country of production	September 1941	1940	2 months ending Sept. 30 1941	1940
Total	25,413	3,992	68,735	14,145
Egypt	7,038	2,282	11,838	4,172
Peru	990	126	1,194	166
China	----	----	----	----
Mexico	10,363	----	10,382	3
Br. India	7,022	1,580	45,319	9,798
All others	----	4	2	6

Linters imported during 1 month ending Aug. 31, 1941, amounting to 18,623 equivalent 500-pound bales.

EXPORTS OF DOMESTIC COTTON AND LINTERS (running bales)

	September 1941	1940	2 months ending Sept. 30 1941	1940
Total cotton	189,215	90,555	267,731	155,980
Total linters	not available	2,377	not available	6,915

In the interest of national and hemisphere defense, the Department has decided to cease publishing detailed statistics concerning the country of destination of our exports.

* September consumption of cotton includes 12,000 bales distributed by Surplus Marketing Administration through various cotton mattress programs.

World Statistics

The world's production of commercial cotton, exclusive of linters, grown in 1939 as compiled from various sources was 27,875,000 bales, counting American in running bales and foreign in bales of 478 pounds lint, while the consumption of cotton (exclusive of linters in the United States) for the year ending July 31, 1939, was 27,748,000 bales. The total number of spinning cotton spindles, both active and idle, is about 145,000,000.

September Department Store Sales in New York Federal Reserve District 20% Above Year Ago

Sales of department stores in the Second (New York) Federal Reserve District during September increased 20% above a year ago, it was announced Oct. 17 by the Federal Reserve Bank of New York. Stocks of merchandise on hand in department stores at the end of September were 30% more than at the end of September, 1940.

The apparel stores in the New York Reserve District also reported a gain of 23% in net sales in September as compared with a year ago. Apparel stores' stock on hand at the end of the month was 35% above a year ago.

The following is the tabulation issued by the Bank:

DEPARTMENT STORE TRADE BY MAJOR LOCALITIES—SEPTEMBER, 1941

Second Federal Reserve District

Department Stores—	Percentage Changes from a Year Ago Net Sales September	January through September	Stock on hand e.o.m.
New York City (includes Brooklyn)*	+21	+14	+29
Northern New Jersey	+20	+16	+30
Newark	+20	+15	+28
Westchester and Fairfield Counties	+29	+23	+49
Bridgeport	+42	+29	+53
Lower Hudson River Valley	+13	+13	+27
Poughkeepsie	+18	+15	----
Upper Hudson River Valley*	+22	+20	+51
Albany	+17	+16	----
Central New York State	+27	+24	+42
Mohawk River Valley	+38	+28	+32
Syracuse	+24	+23	+45
Northern New York State	----	----	----
Southern New York State	+24	+23	+28
Binghamton	+31	+24	----
Elmira	+30	+34	----
Western New York State	+15	+20	+29
Buffalo	+11	+24	+29
Niagara Falls	+31	+15	+23
Rochester	+21	+16	+30
All department stores*	+20	+16	+30
Apparel Stores	+23	+14	+35

*Subject to possible revision.
25 shopping days in September, 1941.
24 shopping days in September, 1940.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS, SECOND FEDERAL RESERVE DISTRICT

(1923-25 average equals 100)

	1940 Sept.	1941 July	Aug.	Sept.
Sales (average daily), unadjusted	106r	81	101	125
Sales (average daily), seasonally adjusted	103r	114	134	120
Stocks unadjusted	87r	83	98	113
Stocks, seasonally adjusted	83r	96	103	109

r Revised.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Oct. 20 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Oct. 4, 1941, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Oct. 4 (in round-lot transactions) totaled 421,290 shares, which amount was 16.31% of total transactions on the Exchange of 2,450,090 shares. This compares with member trading during the previous week ended Sept. 27 of 661,945 shares or 18.78% of total trading of 3,485,950 shares. On the New York Curb Exchange, member trading during the week ended Oct. 4 amounted to 82,950 shares, or 14.89% of the total volume on that Exchange of 485,650 shares; during the preceding week trading for the account of Curb members of 139,885 shares was 18.47% of total trading of 730,500 shares.

The Commission made available the following data for the week ended Oct. 4:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received	1,059	773
1. Reports showing transactions as specialists	183	93
2. Reports showing other transactions initiated on the floor	178	29
3. Reports showing other transactions initiated off the floor	196	74
4. Reports showing no transactions	605	583

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)
Week Ended Oct. 4, 1941

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	74,530	
Other sales b	2,375,560	
Total sales	2,450,090	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	190,010	
Short sales	34,570	
Other sales b	169,380	8.04
Total sales	203,950	
2. Other transactions initiated on the floor		
Total purchases	119,600	
Short sales	19,300	
Other sales b	111,370	5.11
Total sales	130,670	
3. Other transactions initiated off the floor		
Total purchases	68,425	
Short sales	8,650	
Other sales b	78,020	3.16
Total sales	86,670	
4. Total		
Total purchases	378,035	
Short sales	62,520	
Other sales b	358,770	16.31
Total sales	421,290	

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)
Week Ended Oct. 4, 1941

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	5,795	
Other sales b	479,855	
Total sales	485,650	
B. Round-Lot Transactions for the Account of Members		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	40,165	
Short sales	3,235	
Other sales b	58,490	10.49
Total sales	61,725	
2. Other transactions initiated on the floor		
Total purchases	5,805	
Short sales	400	
Other sales b	3,450	0.99
Total sales	3,850	
3. Other transactions initiated off the floor		
Total purchases	15,730	
Short sales	725	
Other sales b	16,650	3.41
Total sales	17,375	
4. Total		
Total purchases	61,700	
Short sales	4,360	
Other sales b	78,590	14.89
Total sales	82,950	
C. Odd-Lot Transactions for the Account of Specialists		
Customers' short sales	3	
Customers' other sales c	38,839	
Total purchases	38,842	
Total sales	20,616	

* The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

WHISPERINGS

A customer's man at the Fifth Avenue office of **Merrill, Lynch** was complaining about the slowness of his phone dial. "By the time I get my number," he explained aggrieved, "the stock has either gotten away from me, gone back to sleep, or some other guy has reached him first." Being mindful of the modern age, speed and it's modern design, the manager promptly phoned the telephone people and ordered a faster dial. The following day, bright and early, the repair man called and began installing the new dial. As he was completing the finishing touches he carelessly remarked: "You know, this will cost $1.50." A horrified look appeared on the customer's man's face. "Gee, I didn't know about that. Wonder if the firm knows." So calling the manager in charge of you can't-do-this-without-consulting-me, he threw the whole problem of the charge into his lap. The manager stalked into the room and indignantly began harrumphing about why wasn't I told of this. And anyway $1.50 was ridiculous; all out of line. The repair man said nothing. Finally during a pause in the diatribe he looked up and calmly asked, "how do you expect us to pay the $9 dividend?" There was a sudden hush. The face of the manager and the faces of all the rest of the onlookers turned blank. One could almost see their thought. "How many shares of Telephone do my customers own" written on their faces. The manager was the first one to recover. "I called for a repair man," he caustically observed. "I didn't know the phone company sent the president to give us financial advice." . . . P. S., **Merrill, Lynch** paid the $1.50.

Which reminds us of another story we heard long, long ago. If you heard it before don't stop us: An inebriated gentleman stepped into a phone booth, deposited 5 cents, and asked the operator for a number. The operator got the number and asked the caller to deposit 10 cents please. The man came back with a fuzzy "wazzat?" The request was repeated. Again the man asked "wazzat?" Realizing the condition of the caller the operator carefully enunciated, "deposit your money please." Whereupon the gentleman glared at the mouthpiece and roared back. "Looka here you! I want personal conversation wiz a frien'—not financial advice from a stranger!"

No one can point a finger at the City Council of Wildwood, N. J., and say it isn't progressive; or at any rate, thorough. For some time the good burghers of the city had been kept awake by the barking of dogs. Something had to be done. Something was done. An opus (called an ordinance in legal circles) consisting of 3,800 words was written and placed before the Council sitting in session. This ordinance prohibits dogs from barking between 10 at night and 6 the next morning. . . .

While this belongs in the "Uptown After 3" department we thought you might like to know about it. If you're really anxious to see the Duke and Duchess of Windsor put on the feed bag—even get a table next to them—be at that restaurant on the northeast corner of 61st Street and Madison Avenue for lunch today —Thursday.

Here's another yarn we got from the West Coast from a dealer who wants to remain anonymous. A certain movie producer decided to hire another assistant and told his personnel man that he desired to conduct the interview. Word got around and applicants began appearing. The first applicant was asked by the movie mogul "How much is ten and ten?" The young man replied "twenty-five." The screen tycoon turned to his assistant. "That's what I call a man with imagination. He's not tied down with convention. We'll consider him." The next applicant, asked the same question, said "twenty." That, pointed out the interviewer, showed a balanced mind. He was not afraid to tell the truth, not like a lot of "yes" men he knew. This man would also be considered. The third young man when asked the question stopped, scratched his head and blurted out "twenty-two." . . . "Now that," said the movie producer, "showed real genius. An imagination par excellence. The movie business could use a man with such a fertile brain. That's the man I want. I'll hire him!" The personnel manager sat dazed throughout these interviews and finally asked: "Why did you hire the third young man? He didn't have anything more than the other two." The movie magnate glared back and replied: "Why shouldn't I? He's my nephew."

Our Reporter On "Governments"

(Continued from page 714)

Inside the Market

Borrowings and refundings of all types by the Treasury this fiscal year will exceed $13,000,000,000. . . .

Between now and next June 30, Morgenthau probably will ask the market for around $5,800,000,000. . . .

One reason for removing the "right" values from maturing note issues would be to discourage banks from buying new long-term Government bonds. . . . And the report from Washington is that Morgenthau wants the insurance companies to buy his new issues of long-terms—not the commercial banks. . . .

There's a considerable amount of switching going on from other issues into the new 2½s. . . . These new bonds probably will replace all others as the "keynoter" of the market. . . .

Weakness in the 2½s last week was in sharp contrast to comparative stability of other more seasoned issues. . . . Beyond doubt, cause for this was that the 2½s still are undigested. . . . Free riders have been selling. . . . Banks and insurance companies have been freezing some profits, keeping only part of their positions. . . .

The outlook is for a large-scale secondary distribution of these 2½s in the next few weeks. . . .

Tomorrow's Markets Walter Whyte Says—

(Continued from page 707)

bought at 15, stop at 26, current price about 30 and last, Warner Brothers, bought at about 5 with stop at 3¾, current price about 5.

A recapilation of the the above adds up to this: Total gross profits about 10 points after deduction of the three points loss. This does not take into consideration present holdings, paper profits or losses. If you're interested in figuring these all you have to do is to take the buying levels as given above and compare them with the closing prices as of last night.

* * *

Personally, I think figuring paper positions from a profit or loss angle is a waste of time. By the time one decides to cash in the chances are that an old loss may either be increased or an old profit may have vanished like the Arab and his tent. However, if you want to do it, go right ahead. At least it will be something to keep you looking busy these days.

* * *

But what about the market from here on? Will it continue to dribble down? Will volume increase on the decline? Or will it stop here and go up again? Of the three the answer to the last is probably the most important.

* * *

I don't believe the market has built up enough reserve strength to start anything more than a fitful rally.

* * *

So far as the answers to the first two questions are concerned we have to presuppose two things. A real desire to exchange common stocks for fixed income securities or cash; and two, a long period of past liquidation out of which a burst of selling occurs. A denial to the first is to be found in the evidence of inflation that surround us on each side. If you don't think so take a look at your food bills, your clothing bills and compare them with last year's or even last week's. This may not be the classical definition of inflation but it will do until another comes along. In any case your dollar buys a lot less today. If that is so then the purchase of fixed income securities today (unless they have other compensating features) seems shortsighted; the same thing applies to cash.

* * *

This leaves the explanation of the recent market decline to "past liquidation." But even there things aren't very clear. If distribution has been going on in the last few months it has been done skillfully indeed (I am not refering to British selling). Distribution presupposes strong markets perforated here and there with sharp declines. At no time in the recent past has this been true. Instead the market has trudged up and slipped back. And it wasn't until last week that in slipping back it managed to go under previously determined resistance levels. Of course it is possible that the recent distribution (if it was that) was disguised so excellently that it escaped detection but there are some things that can't be hidden—volume and price action. Volume has been nonexistent; price action has been nebulous. Only in a handful of stocks has the action (not the volume) been optimistic.

* * *

I realize all this theorizing leaves you high and dry. I'm trying to think this market through and doing my thinking out loud. Anyway, to get down to cases I see little reason to get all hopped up about things now or for that matter to go out and buy a raft of stocks. Perhaps by the time next week rolls around the market will have given new, and more important, clues.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Our Reporter's Report

(Continued from First Page)

ments of the heads of two of the so-called "Big Five" insurance group, with regard to institutional buying of new issues must have been heartening. Both Lewis Douglas, president of Mutual Life Insurance Company, and George Harrison, head of New York Life Insurance Company, expressed fears of possible consequences of such operations if followed aggressively.

Treasury Conversion Loan

Another step toward consolidating the nation's contingent debts with its direct obligations, as projected under plans announced by Secretary of the Treasury Morgenthau a week ago, will be taken today.

The Treasury announced that holders of \$300,000,000 of Reconstruction Finance Corporation's ⅞ per cent notes maturing Nov. 1, and \$204,000,000 of Commodity Credit Corporation 1 per cent notes, due Nov. 15, would be offered direct Treasury long-term notes in exchange.

Since there are some \$7,000,000,000 of these contingent obligations outstanding for Federal agency accounts, the movement could be extensive over the next year or so. The Treasury is taking up for cash on November 1 next, \$112,000,000 of U. S. Housing Authority notes.

Who Bought A. T. & T. 3s?

It isn't often that Wall Street bond men are left in the dark with regard to identity of buyers of securities placed on the market.

But that element finds itself quite completely stymied in attempting to identify the buyers of the un-subscribed portion of the American Telephone & Telegraph Company's 3 per cent debentures marketed this week on the New York Stock Exchange and other institutions.

Metropolitan Life was reported to have been a buyer, but the identity of other purchasers of the \$10,800,000 par amount offered through brokers remained something of a mystery.

Again the run of cancellations, which developed Tuesday afternoon, was interesting and there were reports that the market had been oversold to some extent, although nothing definite was learned on that score.

Building Buyer Accounts.

The current situation in the investment market is being likened to that which preceded the advent of the Securities and Exchange Commission and the Truth in Securities legislation.

There was a dearth of new issues at that time and dealers, in order to remain in business, were moved to seek out "sleepers" among existing bonds and work out switches for customers replacing issues that were priced too high with others where the yield was more attractive.

In order to accomplish this many customers were encouraged to switch into "local" securities. Results were very largely beneficial to customers who profited by the trades recommended. Belief is that current activities will prove "all for the good" in strengthening the relationship between the buyer and the dealer.

Central Illinois Public Service.

Central Illinois Public Service Company will open bids next Monday for its offering of \$38,000,000 of thirty-year 3⅜ per cent bonds being offered under the U-50 Rule which provides for competitive bidding.

Several banking syndicates have been organized to bid for the issue and it is expected that the competition will be keen in view of the absence of new business recently.

Two of the larger groups are reported to have consolidated, making for a syndicate of over sixty firms. This aggregation, it is said, will not accept agency bids. It will be interesting, accordingly, to watch the reaction of the insurance companies to this development.

UP-TOWN AFTER 3

THE SCREEN

"Married Bachelor" (MGM) starring Robert Young and Ruth Hussey; with Sam Levene, Felix Bressart, Lee Bowman and others. Directed by Edward Buzzell.

An amusing picture with no pretense to message, believable plot or anything else. It was made to give onlookers something to laugh at and succeeds admirably. The story involves a pair of struggling bookies who can't pay off and are in danger of becoming corpses. One of the partners finally takes a manuscript from one of the firm's clients, a professor with a penchant for philosophy and horse betting, and sells it to a publisher as his own work. Complications pile up when the "writer" of the book sets himself out to be a bachelor—which he isn't. He's actually a newlywed married to Ruth Hussey who knows nothing about his job or his extre-curricular activities. The outstanding job is turned in by Same Levene whose New York intonations are as genuine as the sidewalks of New York. It's not sporting to tell you more but if a few incidents are dull there are plenty of others to laugh at.

"Blues In The Night" (Warner) with Priscilla Lane, Richard Whorf, Betty Field, Lloyd Nolan, Jack Carson, Elia Kazan, Wally Ford and others. Directed by Anatole Litvak.

We suppose Warner can't keep up the high standards they set for themselves when they produced such pictures as **Sergeant York**, **Maltese Falcon** and **One Foot In Heaven**. But we can't understand why they have to go to other extremes in putting out **Blues In The Night**. It's a dull yarn how a group of swing musicians form a band; it's hardships and experiences. For some reason there's a gang mix up and a lot of loose ends that never get tied up and seldom make much sense. It's a movie the youngster of high school age will probably go for, particularly if he's "in the groove" and is "hep to jive." So far as we are concerned it's just another one of those things.

RESTAURANT

Cafe Bagatelle (106 E. 52nd) A new place with a nice atmosphere. The room is done in some sort of wine color and has heavy white opaque chandeliers suspended from the ceiling. The food and service are both good. Dance music is furnished by Dick Wilson and his small combination. Wilson and two members of the band occasionally step up to the mike and sing pleasantly.

AROUND-THE-TOWN

The Versailles (151 E. 50th) opened it's fall season with one of the most elaborate shows seen on the East Side in a long time. The costumes alone must have set the management back plenty. Ordinarily the Versailles goes in for top names, one or two performers, but good ones, and lets the two swell orchestras—Maximillian Bergeré's and Panchito's rhumba (not to mention the food—probably the best served in a New York night club) carry the burden. Apparently, Nick and Arnold decided that wasn't enough and put in a show. This consists of Mili Monte, who sings in French and English and wears a Garbo hairdo; Jean Cavall, a Canadian radio singer; Frances Mercer, singer, who looks charming; the Barrys, a good dance team; and Marion Chandler, a tap dancer. With them is a line of six girls, all lookers and each dressed in a gown more gorgeous than the next. The whole thing adds up to a swell fashion show but so far as cohesive entertainment is concerned, leaves much to be desired. It's true we saw the opening show, which may have since been tightened up, still considering the money and effort that must have gone into it we don't think the results are anything to cheer about. . . If you don't want to dance and like your entertainment with a capital E we suggest the **Ruban Bleu (4 E. 56th)**. The current show consists of Maxine Sullivan, of Loch Lomond fame, whose small voice sends thrills up and down your back. Richard Dyer-Bennett, singer of old English songs, who accompanies himself on the lute. And last, but far from least, Paula Laurence. Here's a young lady you'll hear more from in the future. She hasn't a voice. She doesn't sing risque jingles, still she has something that defies description. She has her own arrangements of popular songs that she delivers with a sly sense of humor. Sometimes she just sings one line, stops, and rolls her eyes, or shrugs her shoulders, and the crowd just doubles up with laughter, she's that good. The opening night audience just couldn't get enough of her. Whatever it takes to make a hit this Paula Laurence, the pixie from Flatbush, has it! . . . **The Penthouse Club (30 Central Park South)** has set up it's own recording equipment to record the favorites of patrons. If anybody feels like it they may sing to Paul Taubman's accompaniment (he plays the Solovox and the piano). The whole thing is recorded and the lucky patron can take the thing home and play it on his or her own phonograph. If it serves no other purpose it can impress neighbors with your ability, can help you break your lease, or scare hell out of little children.

Write For Analysis

A detailed analysis of the current situation in the capital stock of Atlantic Coast Line Co. of Connecticut has been compiled by Wertheim & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this interesting memorandum may be obtained from Wertheim & Co. upon request.

Civilian Defense

The Bond Club of New York, at its luncheon meeting on October 22nd, was addressed by Col. Joseph A. Baer on the problems of civilian protection and civilian defense, with particular emphasis on the vulnerability of the New York area to surprise attack and organization for defense.

J. Taylor Foster, president of the Bond Club, presided.

L. T. Nelson Bankrupt

Lawritz T. Nelson, also known as Louis T. Nelson, formerly doing business as L. T. Nelson & Co. from New York City has filed a petition in bankruptcy in the Eastern District Court showing liabilities of \$14,840, no assets.

Calendar of New Security Flotations

OFFERINGS

ADEL PRECISION PRODUCTS CORP.

Adel Precision Products Corp. registered with the SEC 150,000 shares capital stock, 20 cents par value.

Address—10777 Vanowen St., Los Angeles, Cal.

Business—Business principally is the development, manufacture and sale of aircraft accessories and equipment, consisting of line supports, hydraulic equipment and other precision products, and synthetic rubber compound cushions and supports. Unfilled orders aggregated $2,000,000 on Sept. 15, 1941.

Underwriters are: Cavanaugh, Morgan & Co., Los Angeles; Lester & Co., Los Angeles; Van Grant & Co., Detroit, Mich.

Offering—The shares will be offered to the public at $3 per share; underwriting commission is 60 cents per share.

Proceeds will be used to pay off a part of the indebtedness of company, and to increase its working capital.

Registration Statement No. 2-4854 Form A2 (9-30-41 San Francisco)

Effective—4:45 P.M., E.S.T., on Oct. 15, 1941.

Offered—Oct. 18, 1941.

LEXINGTON TELEPHONE CO.

Lexington Telephone Co. registered with SEC 8,000 shares 5.2% Cumulative Preferred Stock, $100 par.

Address—151 N. Upper St., Lexington, Ky.

Business—Provides telephone service to 5 communities and their environs in Fayette, Jessamine and Woodford Counties, Ky.

Underwriters, and number of share underwritten by each, are as follows: J. D. Van Hooser & Co., Inc., Lexington, Ky., 3,000; Security & Bond Co., Lexington, 2,250; Almstedt Bros., Louisville, 2,000; Bankers Bond Co., Inc., Louisville, 750.

The offering price as supplied by amendment is $106 per share; Underwriting commission, $3.50 per share.

Proceeds, plus treasury funds to extent necessary, will be used for redemption on Nov. 21, 1941, of company's 8,000 shares outstanding 6% cumulative preferred stock, at redemption price of $106 per share, or to repay funds temporarily borrowed for such purpose.

Registration Statement No. 2-4852. Form A-2. (9-29-41).

Effective—4:45 P.M., E.S.T., on Oct. 14, 1941.

Offered—Oct. 15, 1941 at $106 per share.

SAFEWAY STORES, INC.

Safeway Stores, Inc., registered with SEC 27,000 shares 5% Cumulative Preferred Stock, $110 par

Address—20 E. Fifth St., Reno, Nev.

Business—Operates, directly and through subsidiaries, a chain of approximately 3,029 retail food stores, in 19 states of the U. S. west of the Mississippi, and in New York, New Jersey, Connecticut, Maryland, Virginia and the District of Columbia, and in the five western Provinces of Canada

Underwriters — Merrill Lynch, Pierce, Fenner & Beane, New York, 15,000 shares; Merrill Lynch & Co., Inc., Newark, N. J., 7,800 shares; Cassatt & Co., Inc., Philadelphia, 4,200 shares

Offered—The shares are offered to public, at $109 per share by amendment

Proceeds—Will replace the cash purchase price of $2,750,000 paid by company upon acquisition, on Oct. 6, 1941, of the assets and business of National Grocery Co.

Registration Statement No. 2-4859. Form A2 (10-15-41)

Offered—Oct. 22, 1941

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SATURDAY, OCT. 25

MUTUAL TELEPHONE CO.

Mutual Telephone Co. registered with SEC 100,000 shares capital stock, $10 par.

Address—1128 Alakea St., Honolulu, Oahu, Territory of Hawaii.

Business—Company is an independent public utility furnishing telephone service on the Islands of Oahu, Hawaii, Maui, Kauai, and Malokai, Territory of Hawaii, radio telephone service between said Islands and certain ships at sea, and also wireless telegraph service between Oahu, Lanai, Hawaii, Maui and Malokai.

Underwriters—There is no underwriting in connection with this offering.

Offering—Company is offering the 100,000 shares for subscription at $10 per share to its stockholders of record Oct. 15, 1941, by offering one share for each 4 shares then held. Subscription offer expires Dec. 20, 1941. Full shares of such stock, representing fractional interests and also shares called for by warrant to be issued to stockholders, which are not exercised, will be sold at public auction in Honolulu to highest bidder therefor not later than Dec. 27, 1941, and proceeds from the auction sale in excess of $10 per share (after deduction expenses of auction) will be distributed pro rata to stockholders of record Oct. 15, 1941, whose fractional interests are disposed of and to holders of unexercised warrants.

Proceeds to prepay outstanding short term bank loans, additions to plant and equipment, working capital.

Registration Statement No. 2-4855. Form A2. (10-6-41)

Effective—4:45 P.M., E.S.T., on Oct. 17, 1941.

WEDNESDAY, OCT. 29

BRIDGEPORT BRASS CO.

Bridgeport Brass Co. registered with SEC 25,486 shares cumulative convertible preferred stock, $100 par; and indeterminate number of shares of no par common stock (including scrip certificates for fractions of shares), such common stock to be reserved for issuance upon conversion of the convertible preferred stock. Dividend rate of the preferred stock will be supplied by amendment.

Address—30 Grand St., Bridgeport, Conn.

Business—Company purchases and processes copper, zinc and other non-ferrous metals and manufactures and markets brass and other non-ferrous metal alloys in various forms.

Offering—The preferred stock will be first offered to holders of company's common stock of record Oct. 24, 1941 (or, in certain circumstances, at a later date on or before Oct. 28, 1941) for subscription on the basis of one share of preferred stock for each 37 shares of common stock held. Subscription price will be supplied by amendment. The subscription offer expires approximately Nov. 5, 1941.

Underwriting—Any shares of preferred stock not subscribed to under above subscription offer, will be purchased by underwriters and sold to public, at price to be supplied by amendment. Names of underwriters, and the percentages of such unsubscribed stock to be purchased by each, are as follows (all of New York, N. Y., unless otherwise indicated):

	% of Unsub. Pfd. Stk. to be Purchased
G. M.-P. Murphy & Co.	21.525
Stone & Webster and Blodget, Inc.	15.695
Union Securities Corp.	12.752
W. E. Hutton & Co.	10.790
Hornblower & Weeks	9.809
Hemphill, Noyes & Co.	7.847
Kidder, Peabody & Co.	5.886
Spencer, Trask & Co.	5.886
Bosworth, Chanute, Loughridge & Co., Denver	3.924
Reynolds & Co.	3.924
Auchinloss, Parker & Redpath, Wash., D. C.	1.962

Proceeds—Proceeds, plus other funds of company, will be applied to payment of outstanding $2,874,000 3% notes of company, requiring $2,917,110.

Registration Statement No. 2-4857. Form A-2. (10-10-41).

Amendment—Filed disclosing that preferred stock will bear dividends at the rate of 5½% per annum and that the shares will be first offered to common stockholders of record Oct. 24, 1941, for subscription at $105 per share, at the rate of one share of the preferred stock for each 37 shares of common stock held. Subscription offer will expire on Oct. 28, 1941. Unsubscribed shares will be offered to the public at a price of $105 per share by underwriters, who will receive a commission from the company of $2 per share on all of the 25,486 shares of preferred stock plus an additional $2 per share on all of such shares actually purchased by them

THURSDAY, OCT. 30

CROCKER MC ELWAIN CO.

The Voting Trustees of Crocker McElwain Co. registered with the SEC voting trust certificates, to be issued in exchange for a like number of shares of 1,684 shares of 7% preferred stock, $100 par, and 15,000 shares of common stock, $100 par.

The voting trust certificates provide that the voting trust shall continue in effect until Sept. 2, 1944, unless terminated earlier. Unless terminated according to its terms, the voting trust will continue until Sept. 2, 1947.

Voting trustees are Elmer C. Tucker, Ralph H. Morrill, and Joseph K. Holmes.

Address—642 Main St., Holyoke, Mass.

Business—Company is engaged in manufacture and sale of paper, with its mill located in Holyoke, Mass.

Registration Statement No. 2-4858. Form F-1. (10-11-41).

MONDAY, NOV. 3

EATON & HOWARD BALANCED FUND

Eaton & Howard Balanced Fund registered with SEC 500,000 Trust Shares

Address—25 Federal St., Boston, Mass.

Business—Investment Trust

Offering—The shares will be offered to the public, at the market

Underwriters—Eaton & Howard, Inc., Boston

Proceeds—For investment

Registration Statement No. 2-4860. Form A2 (10-15-41)

PACIFIC GAS & ELECTRIC CO.

Pacific Gas & Electric Co. registered with SEC 175,000 shares 5% Cumulative First Preferred Stock, $25 par

Address—245 Market St., San Francisco, Cal.

Business—Company is an operating public utility company engaged, principally, in business of generating, purchasing, distributing and selling electricity and natural gas throughout a large part of northern and central California

Underwriter—Blyth & Co., Inc., San Francisco, Cal.

Offering—The shares will be offered to the public, at a price to be supplied by amendment to registration statement

Proceeds—Will be used to pay at or before maturity company's outstanding First & Refunding Mortgage Series B 6s, due Dec. 1, 1941

Registration Statement No. 2-4861. Form A-2. (10-15-41 San Francisco, Cal.)

WEDNESDAY, NOV. 5

BENEFICIAL INDUSTRIAL LOAN CORP.

Beneficial Industrial Loan Corp. registered with SEC 10,000,000 Fifteen-Year 2¾% Debentures, due Oct. 1, 1956

Address—1300 Market St., Wilmington, Del.

Business — A holding company, subsidiaries of which are engaged in the personal finance business, and the acceptance business, and activities related thereto

Underwriters, and amount of the debentures respectively underwritten by each, are as follows (all of New York City, unless otherwise indicated):

Eastman, Dillon & Co.	$2,805,000
Smith, Barney & Co.	2,175,000
Blair & Co., Inc.	800,000
Kidder, Peabody & Co.	800,000
E. H. Rollins & Sons, Inc.	600,000
Ladenburg, Thalmann & Co.	475,000
Riter & Co.	425,000
Alex. Brown & Sons, Baltimore	375,000
Hayden, Stone & Co.	375,000
Hemphill, Noyes & Co.	375,000
Merrill Lynch, Pierce, Fenner & Beane	375,000
Dean Witter & Co., S. Fran.	325,000
Jackson & Curtis, Boston	275,000
Hornblower & Weeks	225,000
Whiting, Weeks & Stubbs, Inc., Boston	175,000
Putnam & Co., Hartford, Conn.	140,000
Piper, Jaffray & Hopwood, Minn.	140,000
Rogers & Tracy, Inc., Chicago	140,000

Offering—The Debentures will be offered to the public, at a price to be supplied by amendm^nt

Proceeds—Will be used to reduce outstanding bank loans and commercial paper

Registration Statement No. 2-4862. Form A2. (10-17-41)

PHILADELPHIA ELECTRIC CO.

Philadelphia Electric Co. registered with SEC $20,000,000 of First and Refunding Mortgage 2¾% bonds, due Dec. 1, 1971

Address—1000 Chestnut St., Philadelphia, Pa.

Business—This subsidiary in the United Gas Improvement Co. holding company system, is engaged primarily in production, purchase, transmission, distribution and sale of electricity and gas in southeastern Pennsylvania, including Philadelphia and vicinity

Underwriting and Offering—The bonds will be sold under the competitive bidding rule U-50 of the SEC's Public Utility Holding Company Act of 1935. Names of underwriters, and price to public, will be supplied by later amendment

Proceeds—$20,000,000 of the net proceeds from sale of the bonds will be applied to pay company's presently outstanding $20,000,000 of 1½% promissory notes payable to banks. Remainder of net proceeds will be used to reimburse, in part, company's treasury for additions, extensions, batterments and improvements to its plants and property

Registration Statement No. 2-4863. Form A2. (10-17-41)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AIR ASSOCIATES, INC.

Air Associates, Inc., registered with SEC 50,000 shares $1.37½ Cumulative Convertible Preferred Stock, no par; and maximum of 100,000 shares $1 par common stock, latter reserved for issuance upon conversion of the preferred.

Address—Bendix Airport, Bendix, N. J.

Business—Company is manufacturer and distributor of airplane parts, equipment, material, supplies and accessories.

Underwriter—White, Weld & Co., New York, is principal underwriter; others to be named by amendment. Underwriting commission is $2.25 per share.

Offering—Preferred stock to be offered to public, at price to be supplied by amendment.

Proceeds—$300,000 to prepay outstanding bank loans; $200,000 for purchase of additional machinery; balance for plant additions and working capital.

Registration Statement No. 2-4851. Form A-2. (9-27-41).

The company has filed an amendment to its registration statement with the Securities and Exchange Commission disclosing that its 50,000 shares of $1.37½ cumulative convertible preferred stock will be offered to the public by the following underwriters:

	Shares
White, Weld & Co.	12,500
Jackson & Curtis	10,000
Merrill, Lynch, Pierce, Fenner & Beane	10,000
Stern, Wampler & Co.	5,000
E. H. Rollins & Sons	4,000
Pacific Co. of California	4,000
Mitchum, Tully & Co.	1,500
Cohu & Torrey	1,000
Fuller, Cruttenden & Co.	1,000
Vietor Common & Co.	1,000

AIRPLANE MANUFACTURING & SUPPLY CORP.

Airplane Manufacturing & Supply Corp., registered with SEC 69,000 shares common stock, $1 par

Address—Lockheed Air Terminal, Burbank, Cal.

Business—Purchase, service and sale of airplane equipment

Underwriters—G. Brashears & Co., Los Angeles, Cal.

Offering—The number of shares to be offered by the underwriter consists of the 69,800 shares currently registered with SEC, and 16,433 shares previously registered with the SEC. Such aggregate of 86,233 shares are already issued and outstanding and are to be offered to public for account of certain selling shareholders to be offered to public at arbitrary prices to be determined by underwriter from time to time with regard to existing circumstances. Such offering price will not exceed 125% not be less than 110% of the highest bid price during the day of sale Underwriting commission on the 86,233 shares of 25 cents per share

Proceeds will accrue to the selling stockholders

Registration Statement No. 2-4807. Form A-1. Filed (7-31-41) (San Francisco)

Effective—3 p.m. E.S.T. Sept. 17 as of 4.45 p.m. Sept. 6, 1941

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg. Atlanta, Ga.

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

AUTOMATIC TELEPHONE DIALER, INC

Automatic Telephone Dialer, Inc. registered 75,000 shares of common stock no par

Address—1201 East Grand Street, Elizabeth, N. J.

Business — Development of automatic telephone dialing devices

Underwriter—None. Stock will be sold through registered brokers and dealers

Offering—Public offering price, $3 per share, underwriting commission 75 cents per share

Proceeds—For engineering and development expenses and working capital

Registration Statement No. 2-4752. Form A-1. (5-5-41)

Effective but apparently deficient 4:45 P.M., E.S.T., May 24, 1941

BEACON ASSOCIATES, INC.

Beacon Associates, Inc. registered SEC $500,000 6% Participating Sinking Fund Debentures, due July 1, 1971

Beacon Associates, Inc. interest rate on $500,000 Participating Sinking Fund Series A Debentures, due July 1, 1971, changed from 6% to 6½% per annum, according to amendment filed with SEC July 21, 1941

Address—216 Turks Head Bldg., Providence, R. I.

Business—Engaged in the small loan business in Rhode Island and Massachusetts

Offering—The Debentures will be offered to the public at 100 by F. L. Putnam & Co., Inc., Boston; underwriting commission is 15%, leaving net price to company of 85

Underwriter—F. L. Putnam & Co., Inc., Boston

Proceeds—Will be advanced to subsidiary for their working capital or will be used for payment of debt incurred on providing funds for advances to subsidiaries

Registration Statement No. 2-4790. Form A-2. (6-27-41)

Effective—3:00 P.M. E.S.T., August 22 as of July 17, 1941

BEAR MINING AND MILLNG COMPANY

Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par

Address — 513 Majestic Bldg., Denver, Colo.

Business—Mining and milling

Underwriter—None

Offering—Stock will be offered publicly at $1 per share, selling commission, 35%

Proceeds — For development equipment and operation mining property near Breckenridge, Colo.

Registration Statement No. 2-4571. Form A-1. (11-12-40)

BLACK HILLS POWER & LIGHT CO.

Black Hill Power & Light Co. registered with SEC $2,115,000 First Mortgage Bonds, Series A, due 1971; 9,400 shares 5% cumulative preferred stock, $100 par; and 100,000 shares common stock, $1 par

Address—Rapid City, S. D.

Business—Incorporated in South Dakota on Aug. 27, 1941, for purpose of continuing business and operations of the Dakota Properties of General Public Utilities, Inc., and the business and operations of the Dakota Power Properties of the Dakota Power Co. Engaged in generation, transmission, distribution and sale of electricity, in 12 communities in western South Dakota, and various unincorporated communities and rural areas

Offering—The bonds are to be sold to Dillon, Read & Co. at 103¼ and in turn will be resold by latter to Equitable Life Assurance Society of the U. S. at 103¾. The preferred stock and an undetermined number of shares of common stock are to be issued to General Public Utilities, Inc., in part payment for the so-called Dakota Power Properties to be acquired from that company and Dakota Power Co. The remaining shares of common stock, as well as the preferred and common stock to be received by General Public Utilities, Inc., will be offered to the public

Proceeds—To company from sale of the bonds and common stock will be used to pay General Public Utilities, Inc., and Dakota Power Co. the balance of the consideration for the properties to be acquired. Balance of net proceeds will be added to working capital.

Registration Statement No. 2-4832. Form A-2. (9-6-41)

BONWIT TELLER, INC.

Bonwit Teller, Inc. registered 39,334 shares of 5½% cumulative convertible preferred stock, $50 par, and 131,202 shares of common stock, $1 par

Address—721 Fifth Avenue, New York City

Business—Operation of specialty store in New York City

Underwriters—To be filed by amendment

Offering Terms — Preferred and common will be publicly offered at prices to be filed by amendment, except that 106,202 common shares will be reserved for conversion of preferred

Proceeds—Stock will be sold by Atlas Corp. and the American Co., parents, and no proceeds will be received by the company

Registration Statement No. 2-4748. Form A-2. (4-30-41)

BULLION, INC.

Bullion, Inc., registered 110,000 shares of $1 par 8% non-cumulative preferred stock and 110,000 shares of common stock, ten cent par

Address—1st Nat'l Bank Bldg., Deadwood, South Dakota

Business—Gold mining

Underwriter—None

Offering—Preferred will be offered at $1 per share, and common at 10 cents per share

Proceeds—For development of mining properties, purchase of machinery and equipment, and working capital

Registration Statement No. 2-4763. Form A-O-1 (5-20-41)

Effective—4:45 P.M., E.S.T. on Sept. 23, 1941 as of 4:45 P.M., E.S.T., Aug. 10, 1941.

CENTRAL ILLINOIS PUBLIC SERVICE CO.

Central Illinois Public Service Co. registered with the SEC $38,000,000 of first mortgage bonds, Series A, 3⅜%, due Oct. 1, 1971.

Address—607 E. Adams St., Springfield, Ill.

Business—This operating company, a subsidiary of Middle West Corp., is engaged principally in generating, purchasing, distributing and selling electricity in central and southern Illinois. Also, provides gas, ice, water and steam heat service.

Underwriters and Offering—The bonds are to be sold by company under the competitive bidding rule under SEC's Public Utility Holding Company Act of 1935. Names of underwriters, and public offering price, will be supplied by amendment to registration statement.

Proceeds—Proceeds from sale of the bonds, together with other funds of company, are to be applied to redemption, on or about 30 days after delivery of the new bonds, of the outstanding $38,000,000 of first mortgage Series A 3¾% bonds, due Dec. 1, 1968, to be redeemed at 105¾ and accrued interest.

Registration Statement No. 2-4856. Form A2. (10-8-41)

Effective—4:45 P.M., E.S.T., on Oct. 16, 1941.

Bids—Will be received by the company for the purchase from it of $38,000,000 bonds. Proposals will be opened by the company at room 2158, 20 N. Wacker Drive, Chicago, at 12 noon (C.S.T.), Oct. 27.

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s, 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

COMPOSITE BOND FUND, INC.

Composite Bond Fund, Inc., registered with SEC 32,500 shares $1 par common stock.

Address—601 Riverside Ave., Spokane, Wash.

Business — Open-end investment trust, limited to investments in bonds.

Underwriting—Murphey, Favre & Co., Spokane, Wash., is underwriter and distributor, purchasing said shares at the net asset value then in effect for distribution to public at such net asset value plus 8½%.

Offering—To be offered to the public at the then prevailing market price.

Proceeds—Will be used for investment purposes.

Registration Statement No. 2-4825 Form A-1. (8-28-41)

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share

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System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2 (9-17-41)

HOUSTON LIGHTING & POWER CO.

Houston Lighting & Power Co. registered with SEC an indeterminate number of shares of its common stock, no par. (Company has outstanding 500,000 shares of common stock, of which 499,987 shares are held by its parent National Power & Light Co., which latter company also holds options to purchase the remaining 13 shares of outstanding common stock of company).

Address—900 Fannin St., Houston, Tex.

Business—Company is an operating public utility company principally engaged in generating, transmitting, distributing and selling electricity at retail and wholesale, serving 150 communities and an extensive rural area in Texas, including cities of Houston and Galveston.

Underwriter—None.

Offering — No public offering contemplated initially. Company is advised by National Power & Light, that that company has filed with SEC a declaration under the Holding Company Act contemplating, initially, the exchange of common stock of company which National Power & Light owns, for the $6 preferred stock of National Power & Light Co. and also contemplating that if, upon termination of such proposed exchange plan, National Power & Light still holds as much as 5% of common stock of company, it will dispose of such holdings as promptly as shall be practicable in light of then market and other conditions and with the best interests of its security holders in mind. After such disposition, company will have ceased to be either a subsidiary or an affiliate of National Power & Light Co. or Electric Bond & Share Co.

Registration Statement No. 2-4827 Form A-2. (8-29-41)

KENSINGTON MINES, INC.

Kensington Mines, Inc. has filed a registration statement covering 565,000 shares of $1 par 6 per cent cumulative preferred stock and the same number of shares of 1 cent par common 35,000 shares of $1 par 6 per cent cumulative preferred shares previously sold to promoters at $1 and 1,320,000 shares of 1 cent common previously sold to promoters at 2.61 cents a share

Address—Seattle, Washington

Business—Mining and Milling

Proceeds — For property, construction, development and working capital

Underwriters—Kressly and Campbell

Registration Statement No. 2-4697. Form A-1. (3-21-41)

Effective—4:45 P.M., E.S.T., April 9, 1941

KIRKLAND GOLD RAND, LTD

Kirkland Gold Rand, Ltd., registered with SEC, under refiling, 500,000 shares common stock $1 par

Address—360 St. James St., West, Montreal, Quebec, Canada

Business—Engaged in development, acquiring, holding, selling and operating gold, silver and other mineral mines. Company is still in the development stage

Underwriters—To be named by amendment

Offering—Above shares to be offered to public at $1.25 per share; underwriting commission is 43¾ cents per share

Proceeds—For development, purchase of equipment and working capital

Registration Statement No. 2-4727. Form A-1. Refiled (6-16-41)

LA CROSSE TELEPHONE CORP.

La Crosse Telephone Corp. registered 32,080 shares of common stock, $10 par

Address—La Crosse, Wisconsin

Business—Telephone service to La Crosse, Wis.

Underwriter—Alex. Brown & Sons

Offering—All stock registered will be publicly offered at price to be filed by amendment, except that 2,406 shares will be sold to Central Electric & Telephone Co.

Proceeds—Stock registered is owned by parent company, Middle Western Telephone Co., which will donate a portion to La Crosse Telephone Corp. and latter will use proceeds to retire outstanding preferred stock

Registration Statement No. 2-4717. Form A-2. (3-29-41)

LOUISVILLE GAS & ELECTRIC CO.

Louisville Gas & Electric Co. has registered with SEC 150,000 shares common stock, no par value.

Address—311 W. Chestnut St., Louisville, Ky.

Business—This operating utility subsidiary of Standard Gas & Electric Co. is engaged principally in the electric and gas business in Louisville, Ky., and vicinity.

Underwriters—To be named by amendment.

Offering—The 150,000 shares to be offered to the public, at price to be supplied by amendment.

Proceeds—Will be used to reimburse in part company's treasury for funds expended for construction (approximately $7,000,000), none of which heretofore has been used by company as basis for issuance of stock or long-term debt. Remaining amount needed, for this undertakine will be obtained from sale of additional common stock; of the amount so needed, company has temporarily obtained $3,150,000 by bank loans.

Registration Statement No. 2-4848, Form A-2. (9-24-41).

McDONNELL AIRCRAFT CORP.

McDonnell Aircraft Corp. registered with SEC 6,453⅛ shares 6% Non-Cumulative Convertible Preferred Stock, $100 par, and 129,063⅓ shares common stock, $1 par

Address — Lambert-St. Louis Municipal Airport, Robertson, Mo.

Business—Engaged in designing and developing aircraft and of manufacturing and selling parts for aircraft; expects presently to engage in business of manufacturing, testing and selling aircraft

Underwriting—None. Securities to be offered by company

Offering—Of the shares registered, the 6,453⅛ shares of preferred and 64,531⅔ shares of common, will be offered to public in units each unit consisting of one share of preferred and 10 shares of common stock, at price of $140 per unit. Remaining 64,531⅔ shares common reserved for issuance on conversion of the preferred

Proceeds for working capital, purchase of tools, machinery and equipment.

Registration Statement No. 2-4844. Form A-1. (9-17-41).

Effective—4:45 P.M., E.S.T., on Oct. 8, 1941 as of 4:45 P.M., E.S.T., Oct 6, 1941.

MOORE-McCORMACK LINES, INC.

Moore-McCormack Lines, Inc. registered 30,000 shares of $5 cumulative convertible preferred stock, $100 par, and 235,000 shares of common, $1 par

Address—5 Broadway, New York City

Business—Operation of vessels in South American trade

Underwriters—E. H. Rollins & Sons Incorporated and Schroder Rockefeller & Co., Inc.

Offering—The preferred and 85,000 common shares will be offered publicly at prices to be filed by amendment. 150,000 common shares will be reserved for conversion of the preferred

The proposed offering will represent about 17% of the outstanding common stock of Moore-McCormack Lines and approximately 55% of preferred stock. Albert V. Moore, president, and Emmet J. McCormack, vice president and treasurer—officers and directors associated with the company since its incorporation in 1927, retain together about 72% of the common stock, or 36% each. On Dec. 31, 1940, they sold to Kuhn, Loeb & Co., Beavan Corp. and Schroder Rockefeller & Co., Inc., 30,000 shares of $5 no par preferred stock and 2,150 shares of no par common which have since been converted into 30,000 shares of $100 par preferred and 107,500 shares of $1 par common. It is understood that Kuhn, Loeb & Co. are retaining 22,500 of such common shares as an investment

Proceeds—None of the proceeds will be received by the company

Registration Statement No. 2-4715. Form A-2 (3-29-41)

NORTHERN NATURAL GAS CO.

Northern Natural Gas Co. registered 710,500 shares of common stock, $20 par

Address — Aquila Court Bldg., Omaha, Nebraska

Business—Production and transmission of natural gas

Underwriter—Blyth & Co., and others to be named by amendment

Offering—Stock will be publicly offered at price to be filed by amendment

Proceeds—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

Registration Statement No. 2-4741. Form A-2. (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding, by North American Light & Power Co., and are to be offered to public for the account of American Light & Power Co.

The 355,250 additional shares orginally registered with the SEC on April 21, 1941, for public offering, and withdrawn from registration were subsequently registered and became effective. These shares constituted the stock outstanding and owned by United Light & Railways Co., a subsidiary of United Light & Power Co.

PARQUAY OPERATING, INC.

Parquay Operating Inc., registered with SEC 55,850 shares common stock, 50 cents par value

Address—512 E. Central Ave., Albuquerque, N.M.

Business—Engaged in development and operation of a chain of retail food stores, store buildings and controlled parking built or to be built under Revolving Top Building and Parking Control Patent Franchises owned by company in Roswell, N.M. Later, it was decided to expand operations to include 11 additional stores located in 9 cities in New Mexico, including 3 in Albuquerque

Underwriting—No underwriters. The stock will be sold by company's agents under direction of its executive vice-president

Offering—The shares will be offered to public at following prices per share for each successive block of 11,170 shares each: $13.50, $15, $16.50, $18 and $19.50 per share.

Proceeds will be used to purchase 11 grocery stores to be located in 9 communities in New Mexico

Registration Statement No. 2-4842. Form A1. (9-16-41)

Registration Statement withdrawn Oct. 16, 1941 and stop order proceedings discontinued.

PARQUAY ROYALTY CO.

Parquay Royalty Co. registered with SEC 9,091 shares common stock, 25 cents par value

Address—512 E. Central Ave., Albuquerque, N.M.

Business—Company owns one grocery store built under Revolving Top Building Patent which is leased for period of 10 years from Nov. 20, 1937. Company intends to build grocery store buildings under that patent and controlled parking patents for Parquay Operating, Inc., and for other operating companies throughout New Mexico, Arizona, Utah, Nevada and Cal.

Underwriting—No underwriting. Shares to be sold by company's agents under direction of its executive vice-president

Offering—Shares to be offered at following prices for following blocks: $30 per share for first block of 1,117 shares; $32.50, $35, $37.50 and $40 per share for each of next successive blocks of 1,117 shares each; and $50 per share for last block of 3,506 shares

Proceeds to finance purchase of construction, equipment and construction of grocery stores, finance a purchasing department including warehouses, etc.

Registration Statement No. 2-4841. Form A1. (9-16-41)

Registration Statement withdrawn Oct. 16, 1941 and stop order proceedings discontinued.

PUEBLO MINING COMPANY

Pueblo Mining Co. registered with SEC 1,500,000 shares 1 Cent Par Value Assessable Common Stock

Address—Spokane, Wash.

Business—Mining

Underwriter—No underwriter named.

Offering—To be offered to public at 2 cents per share

Proceeds—Will be used for development, purchase of equipment, building, and working capital

Registration Statement No. 2-4829. Form AO-1. (9-3-41) (San Francisco)

SOUTHEASTERN INDIANA POWER CO.

Southeastern Indiana Power Co. registered with SEC 2,000 shares 6% cumulative preferred stock, $100 par

Address—Rushville, Ind.

Business—A public utility company engaged in transmitting, distributing and selling electricity in southeastern Indiana

Offering — The preferred stock will be offered to public at a price to be supplied by amendment

Underwriter—Central Republic Co., Inc., Chicago, is sole underwriter

Proceeds—From sale of the 2,000 shares preferred stock, together with aggregate of $1,152,280 to be received by company from sale of other securities ($650,000 4% first mortgage bonds to an insurance company, $350,000 Serial Guaranteed Debentures to a bank and an insurance company, and 12,500 shares $10 par common stock) are to be applied by company to acquire all the outstanding capital stock and funded indebtedness of Hoosier Public Utility Co. and for other corporate purposes

Registration Statement No. 2-4830. Form A-2 (9-6-41)

SOUTHERN ACCEPTANCES, INC.

Southern Acceptances, Inc. registered 150 shares $50 dividend Preferred stock, no par, 20 shares Class A $60 dividend common stock, no par; and 30 shares Class B common stock, no par

Address—26 Wall St., Orlando, Fla.

Business—Discounting installment notes and making small loans

Underwriter—Leedy, Wheeler & Co., Orlando, Fla.

Offering—Preferred and Class A will be publicly offered at $1,000 per share, Class B common at $1,100 per share. Underwriting commission $50 on preferred and Class A, and $55 on Class B

Proceeds—To repay bank loans, and for working capital

Registration Statement No. 2-4570. Form A-2. (11-12-40)

Effective—Dec. 4, 1940

TEXAMERICA OIL CORP.

Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.

Address — Milam Bldg., San Antonio, Tex.

Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2, from company.

Offering—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

Registration Statement No. 2-4824 Form A-1. (8-27-41)

TOMASINI BRIDGE REVENUE BONDS

T. A. Tomasini, an individual, registered with SEC $20,000,000 of 3% Tomasini Bridge Revenue Bonds, due Aug. 1, 1970

Address—25 California St., San Francisco, Cal.

Business—Holds a franchise to build, maintain and operate a tube and toll bridge across San Francisco Bay from Alameda County, near Point Fleming, to Marin County near Bluff Point, both in California. The Obligor—T. A. Tomasini —also has secured necessary approval of plans, permits and authority to construct the bridge from War Department of the United States, and proposes to proceed with construction of the project. Project expected to be completed by June 27, 1944

Underwriting and Offering—The Obligor proposes to advertise for bids for all or part of the bonds by inserting a notice to that effect in one or more newspapers of general circulation in the city and county of San Francisco, and in New York City. There will be no underwriting

Proceeds will be used to construct, operate and maintain the tube and toll bridge

Registration Statement No. 2-4815. Form A-1. (8-15-41)

Request to withdraw registration filed Oct. 11, 1941, and registration withdrawn Oct. 13, 1941.

TRAILER COMPANY OF AMERICA

Trailer Co. of America registered with SEC 4,547 shares 7% cumulative preferred stock, $100 par, and 81,095 shares common stock, no par

Address—31st & Robertson Aves., Cincinnati, O.

Business—Manufacture, assembly, dis- with the SEC, disclosing that the number tribution and sale of commercial trailers and semi-trailers, trailer bodies, parts and equipment, truck bodies and cabs for tractors and trucks

Underwriters—None

Offering—The above shares to be offered by company to all its stockholders at price of $100 per share of 7% preferred and $8 per share for common, through rights, at rate of 2½% shares of 7% preferred and 5 shares of common stock for each share of 7% preferred stock held, and at rate of one share of common stock for each share of common stock held. Subscription rights evidenced by Warrants will expire on the thirtieth day after date of issue. Unsubscribed portion of the shares will be offered for sale, at same prices, to all stockholders. Any unsold shares then may be sold at same prices to general public

Proceeds—For plant extension, retirement certain bank loans, and for working capital

Registration Statement No. 2-4803. Form A-2. (7-29-41) (Cleveland)

Effective—Sept. 13 at 1:15 P.M., E.S.T as of 4.45 p.m. E.S.T. Sept. 17, 1941

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

UNITED STATES SUGAR CORP.

United States Sugar Corp registered with SEC 200,000 shares 6.4% Series A Cumulative Participating Convertible Preferred Stock, $25 par, and 562,500 shares common stock $1 par, latter reserved for issuance upon conversion of the preferred

Address—Clewiston, Fla.

Business—Principal business consists of the culture of sugar-cane in the Everglades of Florida and extraction of raw sugar therefrom in a sugar-house adjacent to Clewiston, Fla. Sugar is presently disposed of under the contract with Savannah Sugar Refining Corp.

Underwriter—None named

Offering—The preferred shares registered are to be offered for subscription to holders of outstanding common stock and $5 preferred stock of company, of record Nov. 10, 1941, or the tenth day after offering of the stock to stockholders, whichever is later, at a price of $25 per share on following basis: one share new preferred for each 10 shares common, and 4 shares new preferred for each share outstanding $5 preferred stock. Subscription period comprises the ten days following the record date, but company may extend the expiration date to not later than Dec 15, 1941. Unsubscribed portion of the 200,000 shares preferred stock may be offered at others by company, at $25 per share, in sole discretion of company

Proceeds will be used for plant additions an improvements, purchase of new machinery and equipment, for retirement of outstanding $5 preferred stock, and for working capital

Registration Statement No. 2-4847. Form A2. (9-23-41)

UNITED WHOLESALE DRUGGISTS OF PITTSBURGH, INC.

United Wholesale Druggists of Pittsburgh, Inc., registered with the SEC 4,000 shares no par common stock

Address—6543 Penn Ave., Pittsburgh, Pa.

Business—Incorporated in Delaware on April 28, 1941, to engage in business of selling drug store merchandise

Underwriting—None

Offering—The 4,000 shares of common stock will be sold by the company direct to (exclusively) retail druggists, at $50 per share

Proceeds—Will be used for purchase of equipment, and for working capital

Registration Statement No. 2-4818 Form A-2. (8-22-41)

Effective—Oct 7, 1941 at 11 A. M., E.S.T.

VIRGINIA LAND CO.

Virginia Land Co. registered warranty deeds representing interests in oil and gas lands in the Everglades, Florida, about 50 miles west of Miami

Address—Theatre Building, Coral Gables, Dade County, Florida

Underwriters—None

Offering—Interests will be sold to the public at prices from $20 per acre up to $150 per acre

Proceeds — For development of lands, purchase of equipment, and working capital

Registration Statement No. 2-4767. Form S-10 (5-23-41)

Effective—Under notice of deficiency 4:45 P.M., E.S.T., Sept. 21, 1941.

WESTINGHOUSE ELECTRIC & MANUFACTURING CO.

Westinghouse Electric & Manufacturing Co. registered with SEC 534,426 shares common stock, $50 par value, and Subscription Warrants evidencing rights in respect of such shares.

Address—306 Fourth Ave., Pittsburgh, Pa.

Business—Engaged, together with its subsidiaries, in manufacture and sale of machinery, apparatus and appliances for generation, transmission, utilization and control of electricity and in manufacture and sale of steam turbines and associated equipment.

Offering—The 534,426 shares will first be offered to outstanding preferred and common stockholders of company of record Oct. 15, 1941, for subscription at rate of one-fifth of a share for each share of preferred and common stock so held, at a price to be supplied by amendment. Rights expire Oct. 28, 1941.

Underwriters—Unsubscribed portion of such 534,426 shares are to be purchased by underwriters, at a price to be supplied by amendment. Underwriters may or may not, as they may determine, make one or more public or other offerings of such unsubscribed stock. All offerings of unsubscribed stock is to be made by the underwriters either at the market price then prevailing (NYSE), or at such other prices as Kuhn, Loeb & Co., representative of the underwriters, may determine. Underwriters, numbering 119, are as follows:

Kuhn, Loeb & Co., A. C. Allyn & Co., J. S. Bache & Co., Bacon, Whipple & Co., Baker, Watts & Co., Baker, Weeks & Harden, Banc Ohio Securities Co., Bear, Stearns & Co., A. G. Becker & Co., Biddle, Whelen & Co., Blair & Co., Inc., Blair, Bonner & Co., Blyth & Co., Inc., Bonbright & Co., Alex. Brown & Sons, H. M. Byllesby & Co., Inc.

Central Republic Co., Inc., Clark, Dodge & Co., E. W. Clark & Co., Courts & Co., Curtiss, House & Co., Paul H. Davis & Co., Dick & Merle-Smith, Dominick & Dominick, Drexel & Co., Eastman, Dillon & Co., Elkins, Morris & Co., Emanuel & Co., Eastbrook & Co., Equitable Securities Corp.

Farwell, Chapman & Co., Field, Richards & Co., The First Boston Corp., The First Cleveland Corp., First of Michigan Corp., Robert Garrett & Sons, Glore, Forgan & Co., Glover & MacGregor, Inc., Goldman, Sachs & Co., Graham, Parsons & Co., Grubbs, Scott & Co.

Hallgarten & Co., Harriman, Ripley & Co., Inc., Harris, Hall & Co. (Inc.), Hawley, Shepard & Co., Hayden, Miller & Co., Hayden, Stone & Co., Hemphill, Noyes & Co., J. J. B. Hilliard & Son, Hornblower & Weeks, W. E. Hutton & Co., The Illinois Co. of Chicago, Jackson & Curtis, Janney & Co.

Kalman & Co., Kean, Taylor & Co., Kidder, Peabody & Co., Knight, Dickinson & Co., Ladenburg, Thalmann & Co., Laird & Co., Laird, Bissell & Meeds, W. W. Lanahan & Co., W. C. Langley & Co., Lazard Freres & Co., Lee, Higginson Corp., Lehman Brothers, Adolph Lewisohn & Sons, Carl M. Loeb, Rhoades & Co.

Mackubin, Legg & Co., Laurence M. Marks & Co., Mason-Hagan, Inc., A. E. Masten & Co., McDonald-Coolidge & Co., Mellon Securities Corp., Merrill Lynch, Pierce, Fenner & Beane, Merrill, Turben & Co., The Milwaukee Co., Mitchum, Tully & Co., Moore, Leonard & Lynch, F. S. Moseley & Co., Maynard H. Murch & Co., G. M.-P. Murphy & Co., W. H. Newbold's Son & Co., Newhard, Cook & Co., Paine, Webber & Co., Arthur Perry & Co., R. W. Pressprich & Co., Putnam & Co.

Reinholdt & Gardner, Riter & Co., The Robinson-Humphrey Co., E. H. Rollins & Sons Inc., L. F. Rothschild & Co., Schoellkopf, Hutton & Pomeroy, Inc., Schroder Rockefeller & Co., Inc., Schwabacher & Co., Scott & Stringfellow, Shields & Co., Singer, Deane & Scribner, Smith, Barney & Co., Smith, Moore & Co., William R. Staats Co., Starkweather & Co., Stein Bros. & Boyce, Stern Brothers & Co., Stern, Wampler & Co., Inc., Stone & Webster & Blodget, Inc., Stroud & Co., Inc., Swiss American Corp., Spencer Trask & Co.

Tucker, Anthony & Co., Union Securities Corp., G. H. Walker & Co., Wells-Dickey Co., Wertheim & Co., White, Weld & Co., Whiting, Weeks & Stubbs, Inc., Dean Witter & Co., Yarnall & Co.

Proceeds—For payment outstanding bank loans, construction of plant additions, purchase of additional equipment, and for working capital.

Registration Statement No. 2-4849. Form A-2. (9-25-41).

Subscription price of the 534,426 shares common stock, $50 par value, to be offered first to stockholders of record Oct. 15, 1941, at rate of one-fifth of a share of common for each share of preferred or common stock so held, is fixed at $70 per share. Subscription offer expires Oct. 28, 1941 at 3 P.M., E.S.T. Unsubscribed portion of such shares to be purchased by underwriters, and offered to public, at price to be supplied by later amendment.

Effective—3 P.M., E.S.T., Oct. 14, 1941.

WHITWORTH APARTMENT, INC.

Whitworth Apartment, Inc., registered with SEC 5,950 shares common stock, 25 cents par $74,375 First Mortgage 5% bonds, due Sept. 1, 1951; and $74,375 Second Mortgage Income Bonds, 6% Non-Cumulative Interest, due Sept. 1, 1961

Address—311 Securities Bldg., Seattle, Wash.

Business—Incorporated on July 3, 1941 to acquire title to Whitworth Apartment, Seattle, Wash., and to own and operate said apartment

Underwriters—None

Offering—All of the securities registered will be offered under a Plan of Reorganization, to holders of 148,750 un-

divided fractional shares, latter represented by Certificates of Interest. Latter may be surrendered under the plan through Seattle-First National Bank, Seattle, Wash. Owner of each 25/148,750 fractional share will receive: (a) $12.50 par value of first mortgage bonds, $12.50 par value of second mortgage income bonds, and one share of capital stock of the new company

Registration Statement No. 2-4811. Form E-1. (8-8-41) (San Francisco, Cal.)

WILLIAMS HYDRAULICS, INC.

Williams Hydraulics, Inc. registered 1,000,000 shares $5 par Class A common stock

Address—Alameda, Cal.

Business—Deep-sea dredging and manufacture of equipment therefor

Underwriters — Brown Hartwell Company

Offering—Public offering price, $5 per share, underwriting commission, $1 per share

Proceeds—Purchase of plant and equipment; purchase of seagoing vessel; equipment, and working capital

Registration Statement No. 2-4133. Form A-1. (7-19-39)

Effective—May 29 as of April 18, 1940

Railroad Unions Reject Wage Arbitration Offer

The five operating brotherhoods on October 20 rejected last week's offer by President Roosevelt's five-man fact-finding board to arbitrate the railroad wage controversy, in which the board has been hearing evidence since September 16, the New York "Times" reported.

The fourteen non-operating unions turned down railroad management's proposal of a settlement which would provide for adjustment of wages periodically on the basis of living costs and gross operating revenues of the railroads.

Rejection of the arbitration proposal was made by Charles M. Hay, chief counsel for the operating brotherhoods.

Explaining that the decision was made "with assurance of great respect for the board," Mr. Hay said:

"At the time the mediation board proposed arbitration, the conference committee representing the employes rejected the proposal and expressed preference for a hearing of the kind now being conducted by the emergency board. This action of the committee was approved by the general chairmen of several organizations. The position taken by the committee and ratified by the general chairmen is unchanged."

In accepting the arbitration proposal on behalf of railroad management, J. Carter Fort, chief counsel for the railroads, said earlier:

"Just before the adjournment of the hearing on Saturday, October 18, the chairman made a statement with respect to possible arbitration.

"The chairman said, as I understood him, that if the emergency could be brought to an end by an agreement to arbitrate, with the members of this board sitting as a board of arbitration it would appear that such a result would be highly desirable from the standpoint of the President of the United States.

"In response to the chairman's statement, I desire at this time to express the willingness of the railroads which I represent to enter into an agreement for the purpose of making it possible for the members of the board to act as a board of arbitration and decide the issues here presented on the basis of the record which has been made before the emergency board."

Wayne C. Morse, Chairman of the President's board, offered the board's services for arbitration in a surprise move near the close of Saturday's (October 18) hearing.

In view of the operating brotherhoods' rejection, it appeared that the board, as originally intended, would make a recommendation to the President regarding a settlement. This recommendation would not be binding, and thirty days after it is made both parties can act as they see fit.

Nation's Exports Greatly Increased In August Commerce Dept.'s Foreign Trade Report Shows

(Continued from page 714)

total of almost $3,000,000,000 was 6% above the corresponding period of 1940 and the highest total for any similar period since 1929.

General Imports into the United States, valued at $283,000,000 in August, were 2% higher than in July 1941 and 28% higher than in August 1940. The rise in value over both these earlier periods was mainly the result of increased imports of strategic materials.

The value of imports during the first eight months of this year over the same period in 1940 increased by 24% to $2,154,000,000.

Foreign Trade in the Second Year of the European War

During the 12-month period ending August 1941, the second year of the European War, the value of total United States exports was $4,189,000,000. This amount was 4% larger than the value of exports during the first year of the war and 42% larger than that in the comparable 12-months' period preceding the outbreak of the war.

Imports, at $3,033,000,000, increased 15% during the year ending August 1941 over the preceding 12 months' value and by 42% over the value in the 12 months' immediately preceding the outbreak of war.

The war's influence on export trade during the second year of the war is particularly reflected in the high proportion of manufactured articles in the total. Finished manufactured articles, valued at $2,760,000,000, comprised 66% of total United States exports in the year ended August 1941, while finished and semifinished manufactures, taken together, made up 84% of the total. The value of the finished manufactures increased by $627,000,000, or by 29% as compared with the first year of the war and by 78% in comparison with the 12 months ended August 1939. The value of semimanufactures showed a decrease of 11% and an increase of 47%, respectively, over these two preceding periods.

Commodities Responsible for Export Rise

The two principal manufactured articles shipped abroad in greatly increased value during the second year of the war were aircraft and munitions. The former more than doubled in value, advancing from $246,000,000 in the first year of the war to $492,000,000, while munitions, including firearms and explosives, nearly tripled, increasing from $62,000,000 to $173,000,000. In the 12 months' period ending August 1939, aircraft exports were valued at only $90,000,000, while munitions totaled less than $10,000,000.

Among other manufactured exports, iron and steel-mill products showed an expansion of 17%—from $427,000,000 to $501,000,000—while exports of metal-working machinery, valued at $259,000,000, were larger by 37% than in the 12 months ending August 1940. Exports in these two categories increased substantially after the outbreak of war, reaching high monthly values of $54,000,000 and $30,000,000, respectively, during the last quarter of 1940. In 1941, however, shipments have been at lower levels. They were valued at $46,000,000 and $21,000,000, respectively, in August.

Exports of Foodstuffs

Lend-Lease shipments (mainly to the United Kingdom) since March have included substantial amounts of meats, dairy products, and eggs, which are reflected in the increase in value of exports of edible animal products to $129,000,000 in the 12 months ending August 1941 from $79,000,000 in the preceding 12-months' period. Exports of other food products, especially grains and fruits, showed declines, however, with the result that total exports of foodstuffs dropped to $273,000,000 from $292,000,000 in the year ending August 1940 and $322,000,000 in the year ending August 1939.

Cotton and Petroleum Decline

Several principal nonagricultural commodities were exported in smaller amounts during the second year of the war than during the first year. These commodities include unmanufactured cotton, shipments of which decreased in value to $66,000,000 from $336,000,000, and petroleum and products, shipments of which declined to $224,000,000 from $364,000,000. Exports of nonferrous metals also declined, from $219,000,000 in the year September 1939-August 1940 to $137,000,000.

Strategic Material Imports Increase

Relatively large imports of basic raw materials, such as crude rubber, tin, and raw wool, account mainly for the large increase recorded in the value of imported crude materials and semimanufactures, from $1,495,000,000 to $1,887,000,000 during the second year of the war. The value of these imports in the year ending August 1941 with percentage increases over the year ending August 1940 were as follows: Crude rubber, $401,000,000, an increase of 51%; tin, $161,000,000, an increase of 53%; and unmanufactured wool $181,000,000, an increase of 148%.

Foodstuffs Imports

Imports of coffee moved into the United States in large volume from October 1940 through June 1941, after the quota arrangements between the United States and coffee producing countries were initiated, with the result that the value of coffee imports was considerably larger in the year ending August 1941 than in the comparable 12 months' period preceding. The quantity of total coffee imports increased 10% from $2,106,000,000 pounds in the year ending August 1940 to 2,327,000,000 pounds and the value advanced from $138,000,000 to $152,000,000. Imports of other foodstuffs, including cocoa and sugar, showed moderate increases also. The value of total foodstuffs imports increased from $607,000,000 in the 12 months' period ending August 1940 to $631,000,000 in the corresponding period of 1941.

Finished Manufactures Imports

Imports of finished manufactured articles were valued at $397,000,000 in the 12 months ending August 1941, as compared with $427,000,000 in the preceding 12 months' period, a decline which reflects primarily the curtailment in entries of goods from the Continent of Europe since June 1940. Although trade with the United Kingdom has been well maintained, imports of cotton manufactures and linens, leather manufactures, pottery, diamonds and other commodities formerly obtained largely on the Continent of Europe have shown marked decreases. Imports of newsprint valued at $126,000,000 and burlaps at $46,000,000, the largest single items, of manufactured imports, varied only moderately in value as compared with the 12 months ending August 1940. Canada has supplied increased amounts of newsprint to replace those from Europe, while burlaps are received largely from British India.

EXPORTS, INCLUDING REEXPORTS, AND GENERAL IMPORTS OF MERCHANDISE
COMPARATIVE SUMMARY
Exports and Imports—Thousands of Dollars

	August 1940	July 1941	August 1941	Eight Months Ending August 1940	1941	Increase + Decrease —
Exports, including reexports	350,933	358,649	455,257	2,731,989	2,900,297	+ 168,308
General imports	220,523	277,847	282,513	1,746,978	2,154,457	+ 407,479
Export balance	130,410	80,802	172,744	985,011	745,840	------

BY MONTHS AND BY CUMULATIVE PERIODS
Exports, Including Reexports—Thousands of Dollars

Month or Period	1936	1937	1938	1939	1940	1941
January	198,564	222,665	289,071	212,911	370,082	325,030
February	182,024	233,125	261,935	218,716	347,105	303,110
March	195,113	256,566	275,308	267,781	350,784	356,688
April	192,795	268,945	274,472	230,974	322,938	387,109
May	200,772	289,922	257,276	249,466	323,749	384,717
June	185,693	265,341	232,726	236,164	349,728	329,737
July	180,390	268,184	227,535	229,631	316,669	358,649
August	178,975	277,031	230,790	250,102	350,933	455,257
September	220,539	296,579	246,335	288,956	295,451	------
October	264,949	332,710	277,668	331,978	343,840	------
November	226,364	314,697	252,381	292,453	327,567	------
December	229,800	323,403	268,943	368,046	322,299	------
8 months ending August	1,514,326	2,081,778	2,049,112	1,895,745	2,731,989	2,900,297
12 mos. end. December	2,455,978	3,349,167	3,094,440	3,177,176	4,021,146	------

General Imports—Thousands of Dollars

Month or Period	1936	1937	1938	1939	1940	1941
January	187,482	240,444	170,689	178,246	241,992	228,665
February	192,774	277,709	162,951	158,072	200,068	233,698
March	198,701	307,474	173,372	190,481	216,755	267,784
April	202,779	286,837	159,827	186,300	212,352	287,496
May	191,697	284,735	148,248	202,493	211,470	296,920
June	191,077	286,224	145,869	178,866	211,425	279,536
July	195,056	265,214	140,809	168,910	232,393	277,847
August	193,073	245,668	165,516	175,623	220,523	282,513
September	215,701	233,142	167,592	181,536	194,854	------
October	212,692	224,299	178,024	215,289	206,920	------
November	196,400	223,090	176,187	235,458	223,554	------
December	245,161	208,833	171,347	246,807	253,073	------
8 months ending August	1,552,638	2,194,304	1,267,280	1,438,991	1,746,978	2,154,457
12 mos. end December	2,422,592	3,083,668	1,960,428	2,318,081	2,625,379	------

EXPORTS OF UNITED STATES MERCHANDISE AND IMPORTS FOR CONSUMPTION
COMPARATIVE SUMMARY
Exports and Imports—Thousands of Dollars

	August 1940	July 1941	August 1941	Eight Months Ending August 1940	1941	Increase + Decrease —
Exports of United States Merchandise	342,885	348,890	438,264	2,673,117	2,830,625	+ 157,508
Imports for consumption	214,413	264,685	273,898	1,675,921	2,050,453	+ 374,532

BY MONTHS AND BY CUMULATIVE PERIODS
Exports United States Merchandise—Thousands of Dollars

Month or Period	1936	1937	1938	1939	1940	1941
January	195,689	219,063	285,772	210,260	360,584	317,637
February	179,381	229,671	259,160	216,191	338,966	297,968
March	192,405	252,443	270,429	263,995	343,072	349,900
April	189,574	264,627	271,508	227,624	315,449	377,841
May	197,020	285,081	253,713	246,119	316,457	376,435
June	181,386	256,481	229,553	233,465	343,714	323,689
July	177,006	264,613	224,866	226,740	311,992	348,890
August	175,825	273,561	228,312	247,412	342,885	438,264
September	217,925	293,374	243,595	284,392	288,475	------
October	262,173	329,373	274,059	323,077	336,153	------
November	223,920	311,212	249,844	286,761	321,130	------
December	226,666	319,431	266,358	357,307	315,305	------
8 months ending August	1,488,285	2,045,539	2,023,313	1,871,805	2,673,117	2,830,625
12 mos. end. December	2,418,969	3,298,929	3,057,169	3,123,343	3,934,181	------

Imports for Consumption—Thousands of Dollars

Month or Period	1936	1937	1938	1939	1940	1941
January	186,377	228,680	163,312	169,353	234,641	223,624
February	189,590	260,047	155,923	152,577	190,160	216,664
March	194,296	295,705	173,196	191,269	206,552	254,554
April	199,776	280,899	155,118	185,916	203,114	274,585
May	189,008	278,118	147,123	194,185	203,893	281,341
June	194,311	278,300	147,779	178,373	205,250	261,102
July	197,458	262,919	147,767	170,430	217,897	264,685
August	200,783	248,730	171,023	180,225	214,413	273,898
September	218,425	233,959	172,903	199,404	196,274	------
October	213,419	226,470	178,447	207,131	212,913	------
November	200,304	212,382	171,668	214,502	217,300	------
December	240,230	203,644	165,359	232,736	238,248	------
8 months ending August	1,551,599	2,133,398	1,261,241	1,422,328	1,675,921	2,050,453
12 mos. end. December	2,423,977	3,009,852	1,949,624	2,276,099	2,540,656	------

EXPORTS AND IMPORTS OF GOLD AND SILVER
COMPARATIVE SUMMARY
Exports and Imports—Thousands of Dollars

	August 1940	July 1941	August 1941	Eight Months Ending August 1940	1941	Increase + Decrease —
GOLD						
Exports	10	13	6	4,957	46	—4,911
Imports	351,563	37,055	36,979	3,622,083	773,012	—2,849,070
Import balance	351,553	37,041	36,973	3,617,126	772,966	------
SILVER						
Exports	180	353	207	3,257	4,782	+ 1,525
Imports	4,107	4,686	3,561	39,510	32,395	—7,115
Import balance	3,927	4,333	3,353	36,253	27,613	------

BY MONTHS AND BY CUMULATIVE PERIODS
Exports—Thousands of Dollars

Month or Period	1938	1939	1940	1941	1938	1939	1940	1941
January	5,067	81	22	4	355	1,671	452	319
February	174	15	53	6	233	2,054	298	817
March	20	53	18	3	191	1,923	657	1,048
April	145	231	33	2	250	2,054	594	1,212
May	212	36	3,563	5	317	611	177	615
June	131	19	1,249	7	254	303	884	210
July	65	9	8	13	193	640	15	353
August	17	13	10	6	401	937	180	207
September	11	15	13	--	1,463	1,292	139	---
October	16	15	17	--	1,259	1,773	87	---
November	14	10	6	--	823	487	68	---
December	16	11	3	--	1,344	887	123	---
8 mos. ending August	5,832	457	4,957	46	2,194	10,191	3,257	4,782
12 mos. ending December	5,889	508	4,995	--	7,082	14,630	3,674	----

Imports—Thousands of Dollars

Month or Period	1938	1939	1940	1941	1938	1939	1940	1941
January	7,155	156,427	236,413	234,246	28,708	10,328	5,799	4,576
February	8,211	223,296	201,475	108,615	15,488	9,927	4,070	3,292
March	52,947	365,436	459,845	118,569	14,440	7,207	5,724	4,489
April	71,236	606,027	249,885	171,994	15,757	7,143	5,170	4,346
May	52,987	429,440	438,695	34,835	17,952	6,152	4,589	3,347
June	55,438	240,450	1,164,224	30,719	19,186	14,770	4,673	4,099
July	63,880	278,645	519,983	37,055	18,326	5,531	5,378	4,686
August	165,990	259,934	351,563	36,979	4,985	4,365	4,107	3,561
September	520,907	326,089	334,113	---	24,098	4,639	4,656	---
October	562,382	69,740	325,981	---	25,072	7,268	4,857	---
November	177,782	167,991	330,113	---	24,987	4,183	4,721	---
December	240,542	451,183	137,178	---	21,533	3,795	4,690	---
8 mos. ending August	477,844	2,559,656	3,622,083	773,012	134,842	65,422	39,510	32,395
12 mos. ending December	1,979,458	3,574,659	4,749,467	----	230,531	85,307	58,434	----

THE BOND SELECTOR

Progressive Strength In U. S. Quotations For Canadian Bonds; Recent Activity Traced To Sound Financial Policies And To U. S.-Canadian Trade Collaboration

A great deal of discussion, mostly by arm-chair economists, has taken place within the past year regarding the magnitude and effectiveness of Canada's war effort. Comparisons usually are made between the sacrifices on the part of American citizens and the role played by the average Canadian, and often are translated into dollars. This column does not intend to become embroiled in the questions of the merits and shortcomings of either party. Recently, however, some interesting figures were compiled by Wood, Gundy & Co., which appear to show that, on the basis of population, Canada's efforts have already been meagre. This firm states, "Canada has a population of about 11,500,000, in order to make clear to American investors the importance of Canada's war effort relative to its population, the following table has been prepared to show corresponding figures for a population the size of the United States."

	Canada	On basis of Population of 130,000,000
Public War Loans	$1,415,000,000	$15,995,000,000
Financing of British War Expenditures	905,000,000	10,230,000,000
British Commonwealth Air Training Plan Established in Canada (64% of total cost)	531,000,000	6,002,000,000
Shipbuilding Program	320,000,000	3,617,000,000
Personal Equipment for Armed Forces	100,000,000	1,130,000,000

Other comparative figures are cited to indicate the volume of war material being produced, food shipments to Britain, size of the armed forces, etc. Since we are principally concerned with the financial aspects of the situation, these interesting figures must be omitted. The fact seems well-established that from the angle of financial effort, Canada has been doing a magnificent job, particularly during the current year.

At this juncture, we should realize what $1 billion represents to a Canadian in the form of per capita debt—about $87. To an American, accustomed as he is, to seeing billions tossed about quite blithely even long before the war began, $1 billion boiled down to per capita debt amounts to $7.70. In this light, then, some further figures may be revealing. According to Wood, Gundy & Co., the following compilation shows the needs of the Dominion government during the two-year period (Sept. 1, 1939-Aug. 31, 1941) and the methods of raising the required revenue:

Funds Required—	2 Yrs. of War
Canadian Direct War Expenditures	$1,320,000,000
Non-War Expenditure	940,000,000
Financing British War Expenditure in Canada	905,000,000
Maturing Obligations	455,000,000
Total	$3,620,000,000
Funds Obtained—	
Revenue	$1,745,000,0000
New Securities Issued	2,380,000,000
Total	$4,125,000,000
Residual Item (mainly net increase in cash balances)	505,000,000

In other words, of the $2,260,000,000 of direct war and non-war expenditures, $1,745,000,000, or 77%, has been covered by current taxation.

Perhaps the two most important specific factors which have been responsible for the recent steady strength in Canadian bonds were the Lend-Lease Bill enactment in March, and the so-called Hyde Park Declaration of last May. It was this latter agreement between the United States and Canada which initiated "cooperation for defense" between the two countries. It provided means for Canada to market in the United States hundreds of millions of dollars worth of strategic material, munitions and ships sorely needed by the United States; it provided a method whereby Canada could apply lend-lease provisions on parts and materials which she had to purchase here in order to produce essential war equipment for Great Britain; it also has provided Canada with U. S. dollar exchange. Despite the truth that there are still many desirable mutual benefits yet to be attained, Canada has already sold to the United States between $200,000,000 and $300,000,000 of defense supplies.

The following tabulation shows closing quotations in U. S. funds at the end of each month since December, 1940, of six representative Dominion of Canada bonds. Quotations for a recent date are also shown:

DOMINION OF CANADA BONDS
(Quotations in U. S. Funds)

Date	*2¼s, 1944	3s, 1958	*3s, 1967	3¼s, 1951	*3¼s, 1961 Opt. 1956	*4s, 1960
Oct. 11	99 -99¼	82 -83½	94½-95	84 -86	98 -99	104 -104¾
Sept. 30	99⅛-99¼	80¼-82	95¼-95⅝	82½-84½	98½ bid	105½-105
Aug. 31	97¾-98¼	78 -80	88⅝-89	80½-82½	92⅛-92¾	100⅞-101¼
July 31	96⅞-97⅜	76 -77½	87 -87⅜	78½-80	90⅝-91	99¾-100
June 30	96¾-96⅞	75½-77½	87 -87⅜	77½-79½	85⅝-90½	99 - 99½
May 31	95⅝-96	71½-73½	86¼-87	74 -76	89½-90	97⅞- 98
April 30	97 -97¼	74¾-76½	86½-87	77 -79	89¼-89¾	97½- 98
Mar. 31	94⅞-95½	70¾-72¾	81⅜-82	73 -75	84¼-85	92 - 92½
Feb. 28	92⅞-95	69 -71	78 -79½	71 -73	81¼-83	88¾- 89¼
Jan. 31	92¼-92¾	65½-70½	79½-80¼	68 -70	81½-82	90 - 90¾
Dec. 31	92¼-93⅛	65½-67½	78¾-79½	67½-69½	82½-83¼	91½- 92

*Payable in U. S. funds.

Obviously, since the Canadian dollar in New York has advanced from a low of 82¾ in January, 1941, to its present value of 88¾, the largest increases have taken place in the issues payable in Canadian funds. Those payable in U. S. funds, however, have shown remarkable recovery from their lows. Further action of Canadian bonds in New York will undoubtedly be governed by (1) the course of the war, (2) financial policies of the Canadian government, and (3) mutual efforts to expand the possibilities of the Hyde Park Declaration.

K. C. Bond Traders Appoint Committee

KANSAS CITY, MO.—At the first meeting of the newly appointed officers of the Bond Traders Club of Kansas City, at which Harry Coleman, H. O. Peet & Co., presided, the following members were appointed to serve on various committees for the ensuing fiscal year:

Membership Committee: A. W. Sawyer, Chairman, C. F. Childs & Co.; Fred J. Armentrout, John J. Seerley & Co., Inc.; and Kneeland Jones, A. E. Weltner & Co.

Program Committee: Donald D. Belcher, Chairman, Martin-Holloway-Purcell; Leonard A. White, Wahler, White & Co.; and Claude M. McDonald, Collins, McDonald & Co.

Publicity Committee: Francis G. Kulleck, Chairman, Kulleck, Wheeler & Co.; Earl L. Combest, Prugh, Combest & Land, Inc.; and Frederic P. Barnes, Lamson Bros. & Co.

Finance Committee: Russell Sparks, Chairman, Harris, Upham & Co.; Eldridge Robinson, Baum, Bernheimer Co.; and Leo L. Kellett, W. C. Pitfield & Co., Inc.

Harry L. Coleman was appointed as National Committeeman, and Laurence B. Carroll, Prescott, Wright, Snider Co., the alternate National Committeeman.

John J. Trask To Be Admitted By duPont

On November 1st, John J. Trask, member of the New York Stock Exchange, will become a partner in Francis I. du Pont & Co. and Chisholm & Chapman, 1 Wall Street, New York City, members of the New York Stock Exchange. Mr. Trask was previously an individual floor broker in New York.

Carlyle Detjen With Murdoch, Dearth Co.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Carlyle L. Detjen has become associated with Murdoch, Dearth & White, Inc., Boatmen's Bank Building. Mr. Detjen was formerly Mid-Western representative for Harder & Co. and in the past conducted his own business in St. Louis.

B. A. Kehoe Promoted; G. Kobbe II In Army

Gustave Kobbe II has resigned as a director and as assistant secretary and assistant treasurer of Kobbe, Gearhart & Company, Inc., 45 Nassau Street, New York City, and has entered the military service of his country. At present he is stationed at Fort Riley, Kansas, and is a member of the First Training Squadron of the Cavalry (C. R. T. C.).

Bernard A. Kehoe has been elected an officer and director to fill the vacancies. Mr. Kehoe has been associated with the firm since its inception, and was formerly the head of the clearance department of the Underwriters Trust Company.

These changes involve nothing more than that noted above. There are no changes in the two senior officers, in the firm's personnel, or in the firm's policy of making actual trading markets and giving quick, accurate service.

J. F. Hartfield Co. Opening In New York

J. Frederick Hartfield and Charles J. Degnan are forming the firm of J. F. Hartfield & Co., with offices at 42 Broadway, New York City, to conduct a general securities business. Mr. Hartfield was formerly with H. S. Renton & Co., specializing in New Jersey issues and prior thereto was manager of the trading department for Campbell & Co.

Homer G. Kaupp Joins Juran & Moody Staff

ST. PAUL, MINN.—Juran & Moody, specialists in municipal bonds, Minnesota Mutual Life Building, announce that Homer G. Kaupp, formerly manager of the municipal department of Polk-Peterson Corporation, Des Moines, Iowa, is now associated with their firm.

Orvis Bros. Co. Open Office In Columbus

COLUMBUS, OHIO — Orvis Brothers & Co. announce the opening of an office here at 16 East Broad Street under the management of Lucas A. Green, for the conduct of a business in stocks, bonds and commodities. Mr. Green was formerly manager of the Columbus office of Merrill Lynch, Pierce, Fenner & Beane, with which he had been associated since 1931.

Also associated with the new Orvis Brothers office is E. H. Horne, previously with Merrill Lynch, Pierce, Fenner & Beane.

Schoellkopf, Hilbert Formed; NYSE Firm

Effective with the admission to partnership today of Webb Hilbert, the firm name of Schoellkopf & Co., members of the New York Stock Exchange, has been changed to Schoellkopf, Hilbert & Co. Mr. Hilbert was formerly a partner in the dissolved firm of Hilbert, Condon & Bassett, New York City. Schoellkopf, Hilbert & Co. maintain offices at 70 Niagara Street, Buffalo, N. Y., and 11 Wall Street, New York City. Mr. Hilbert will make his headquarters in the firm's New York office.

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Industrial Activity Continues at a High Rate According to Federal Reserve Board

Industrial activity continued at a high rate in September and the first half of October, the Board of Governors of the Federal Reserve System announced on Oct. 20, in its summary of general business and financial conditions in the United States, based upon statistics for September and the first half of October. Further advances in the output of defense products were accompanied by curtailment in some lines of civilian goods, particularly automobiles, rubber, and silk, the Board said, adding that prices of industrial products increased further but agricultural prices declined after the middle of September, and on Oct. 16 dropped sharply in response to international developments. The Board's summary continued:

Production

Industrial output increased by about the usual seasonal amount in September and the Board's adjusted index remained at 160% of the 1935-1939 average, the same as in July and August. Continued increases in activity were reported in the machinery, aircraft, and shipbuilding industries. At steel mills activity in September and the first half of October was maintained at about 97% of capacity. Output and deliveries of non-ferrous metals likewise remained at about capacity levels, while lumber production declined somewhat from the high August rate. Automobile production increased less than seasonally in September, following the changeover to new models, and, according to preliminary estim-

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FROM WASHINGTON AHEAD OF THE NEWS

A sidelight on Mr. Roosevelt's make-up, though scarcely new, is the reappearance in Washington of the famous Passamaquoddy project. It is by way of being revived—as a defense measure. First signs are a Government exhibit on the Mall showing what a tremendous boon to the country it would be. It is believed to be only a matter of time that the White House again submits it to Congress, as another aid in the defeat of Hitler.

Mr Roosevelt never gives up on these things. They seem so small and trivial in restrospect, too, that you wonder why he goes back to them. Back in 1936 the Republicans made a carnival out of the Passamaquoddy absurdity. It epitomized the reckless spending of the New Deal. The fact that the War Department advertised for bids for love seats for the workers added to the gaiety. But Mr. Roosevelt has been reelected twice since then and Passamaquoddy is just a little dot in the general craziness of things. The Nation has become so shockproof since it was originaly submitted that the matter of the President waging a naval war without authority of Congress doesn't seem to particularly move it. In view of the distance which the President has come and the country along with him, how in the name of goodness, can he think to go back and revive a relatively unimportant proposition that was denied him?

Not unlikely, the Passamaquoddy project will be sent up to Congress in time to be lumped in with the pork barrel rivers and harbors bill, now pending in the House, and which already embraces such "defense" enterprises as the Florida ship canal and the St. Lawrence waterways project. The latter is another one of Mr. Roosevelt's determinations which you wonder why he revived after attaining so many other and more important accomplishments.

The conclusion is inescapable that Mr. Roosevelt is a man who doesn't intend to be outdone on anything he undertakes. Since he has consolidated his power he goes back and resurrects what were at the time unimportant defeats. He is apparently determined that the record will show that not once did he seek one teeny little thing without getting it. Presumably, the same propaganda will attend the Passamaquoddy project as is being spread around the St. Lawrence project—that had Congress acted when he first submitted these projects the country would now be in a better position to face Hitler. Of course, neither project would have been completed.

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Home Loan Banks now Begin Their Tenth Year

The Federal Home Loan Bank System began the tenth year of its operations on Oct. 15, with its member thrift institutions more active than at any time in the past decade, James Twohy, Governor of the System, announces. He reported that resources of the 3,839 members, which are largely savings, building and loan associations, now total $5,300,000,000, a gain of nearly $400,000,000 over the past year. Mr. Twohy added:

By almost all measurements, the ninth year just closing has witnessed the greatest improvement in condition of the member institutions since the System was founded in 1932. At the same time, the associations exceeded all records in making long-term loans on homes and providing investment plans for the savers in their communities.

During the 12 months ending June 30, these associations loaned $1,085,000,000, as compared with $894,000,000 in the previous year, a step-up of 21.3%. Much of this increase represents the financing of homes for workers in the areas of defense industries in order to provide acutely needed housing.

On the other side of the picture, member associations have greatly augmented the volume of savings they hold. During the latest reporting 12-months period, the savings and loan members registered an increase of $355,000,000 or 12%. in the amount of people's savings in their custody. This gain in the receipt of new funds is obviously important during the present national crisis when a multiplied volume of saving by individuals is vital to the safety of our economy.

GENERAL CONTENTS

THE FINANCIAL SITUATION

It is hardly surprising that the unending series of labor difficulties by which American industry has been beset for a long while past should be viewed at this time by the rank and file almost wholly in terms of impediments placed in the path of the defense program. The veritable flood of propaganda about the urgency of arming ourselves and every other nation and people who are opposing the Axis powers (albeit with indifferent accomplishment) has so centered the attention and emotions upon that subject that any event or circumstance, whatever its nature or origin, which obviously further retards that effort is setdown by the average man as a matter having to do with the defense program and with little else. There can, of course, be no doubt, no matter what the labor apologists have to say on the subject, that all manner of disputes, which have no basis in unreasonably low wages, over-long hours, or working conditions, have become one of the major handicaps now being suffered by all those engaged in the defense program.

The fact is, however, that all this carries implications for American industry in its peace-time operations, and for the American consumer (which means everybody) fully as serious as those which have to do with the defense program as such, and these implications have their roots in the basic nature of the changes that are taking place in our thinking and in our emotions, not in mere "internecine strife" among the unions as the Administration would have us believe. It is true that what are known as jurisdictional disputes have long been a thorn in the side of certain industries in this country, and it is equally true that the rise of the CIO has injected factors into the labor movement, so-called, which have given rise to a large and costly increase in this type of interruption of work. It is not true, however, that one could reasonably expect to reach a satisfactory condition of affairs as a result of any form of coalition between the two opposing factions in American labor.

Far from it. The whole trend of our labor policy is definitely in the direction of complete monopoly, and complete monopoly in labor has precisely the same shortcom-

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IN THIS SECTION

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Editorial—

Taxation Problem Extraordinary

Remarkably little attention has been paid lately by the Administration in Washington to that curious and singular taxation problem which springs from the dual sovereignties of our Federal and State governments. The reciprocal immunity from taxation of governmental instrumentalities is emphasized by the current total of approximately $60,000,000,000 Federal securities which the States cannot reach, and some $18,000,000,000 to $20,000,000,000 of State and local government bonds which the Federal regime cannot tax.

There has been much nonsense uttered about tax exemption, and a good deal of it has come from high quarters. The problem is an old one that has been fought out on a legal basis time and again for considerably more than a century. All the legal battles were important in their day, but they had less economic significance than does the same question at the present period. At bottom, however, the question remains that of dual sovereignty, and of continuance of four peculiarly American system or a turn to something else.

The income tax brought the matter to the fore more pointed than ever. Every Federal Administration that has been in power since the Sixteenth Admendment was adopted has noted regretfully the existence of large amounts of reciprocally exempt securities. Some tentative efforts were made to terminate this situation, and as many aspects were explored it appeared ever more obvious that a Constitutional Amendment would be required to end tax immunities.

Such is still the situation today, notwithstanding efforts by President Roosevelt and his associates to terminate tax exemption by means of a "short and simple statute." On two occasions, Mr. Roosevelt urged Congress to enact such a law. Congress not only failed to comply with the Presidential ukase, but a special Senate Committee turned down the proposal with praiseworthy force.

Committees of both Houses had investigated the problem closely, and had found that tax exemption was not the sort of black blot on the taxation escutcheon which it had been pictured. Only to an extremely modest degree, it appeared on close examination, did wealthy individuals, "lolling on the warm sands of Palm Beach," find exempt securities a haven of refuge from taxation. A special Senate Committee declared, accordingly, that the Administration proposal for a short and simple statute is economically unsound and unconstitutional.

"It is based," said the report, "upon a theory of tax evasion that is not supported by the facts. Though it has been popularized with the public as a device to obtain additional taxes from the wealthy, it would in reality place upon the States, and particularly upon the cities, a heavy burden of increased taxation. Stripped of its popular catch phrases, it would simply shift a further, and perhaps unsupportable burden, on the home owner and the rent payer."

After that report was made early last year, the Administration seemingly decided to abandon efforts for a short and simple statute. Two legal actions were started, involving bonds of the Port of New York Authority and the Triborough Bridge Authority, with the aim of presenting the question once more to the Supreme Court. It will, however, be some time before the Board of Tax Appeals and the Circuit Court of Appeals can rule on the dispute and send it upward to the Supreme Court.

Nor is it at all certain that the Supreme Court, even as now constituted, will look upon the question in the light that Mr. Roosevelt sees it. The impressive series of court decisions initiated by Chief Justice John Marshall in 1819, which established tax immunity as an indisputable outflow from sovereign rights, cannot fail to impress even a high court entirely appointed by President Roosevelt, if that should happen to be the make-up of the Court by the time these cases are placed before it for decision. Still other attempts to gain a Congressional reaction favorable to the views of the Administration are more than possible, in these circumstances.

In a return to the attack, after a long period of Administration silence, Charles L. Kades, Assistant General Counsel for the Treasury Department, hinted at fresh moves through the Congressional route. Addressing the recent St. Paul meeting of the National Tax Association Conference, Mr. Kades paraded all the old misconceptions about reciprocal tax immunity and closed with the confident prediction that "when the next tax bill has been enacted into law, Congress will have once more placed itself on the side of fairness and justice in taxation and will have ended this flagrant example of tax immunity for a favored few."

Fortunately, the States now are organized to meet any such attack and are well prepared, in this connection at least, to exercise that eternal vigilance which is the price of liberty. It was largely due to the Conference on State Defense, which includes the Attorneys General of nearly all States and officials of thousands of municipalities, that a thorough airing was given the question. The further progress of this Administration program can, therefore, be viewed with a certain degree of equanimity.

Meanwhile, it seems clear that further exploration ought to be attempted of the Constitutional Amendment method of terminating tax immunity. The economic aspect of the problem is far less pronounced than the totals of reciprocally immune securities might suggest, and it assuredly does not warrant Treasury comments about millionaries clipping tax free coupons while basking at Palm Beach. It is, nevertheless, an anomaly that could be set aside through the proper avenue of an Amendment, if the people so decide after a full hearing. Such an Amendment can be drawn in a manner to safeguard completely the rights of the States, and avoid the rocks that Marshall foresaw when he declared that the "power to tax involves the power to destroy."

Editorial—

Parity Railroad Wages, Plus

One of the chief grotesques of the topsyturvydom in which Americans live under Franklin Roosevelt and his New Deal, which is nothing but the grandiose revival and interested exploitation of nearly every one of the ancient and discredited economic nostrums of all time, is the strange concept of so-called "parity prices" for agricultural products, with the derivative dogma that they must have perpetual recognition as law-supported and enforced minimums, without reciprocal acknowledgment of any maximums whatsoever.

For the moment, cotton supplies the most spectacular illustration of this extraordinary doctrine. Recently, for the first time since the period of plowing-under that signalized the advent of Mr. Rosevelt as dictator of Federal economic policies, the market price of this staple product of Southern agriculture was allowed to become less than wholly artificial. The current spot-price, influenced by war-time demand that is principally domestic and reflective of our own most extraordinary war effort, stands at almost seventeen cents a pound, or at a figure so much above cost of production that a few years ago it would have been recognized as representing quite limitless prosperity. But the producers, and the politicans who are dependent upon their favor, cannot forget that the 1914-1918 World War sent the American price soaring to 43¾ cents. So, although a "parity price" was insisted upon when demand was low and the market correspondingly weak, the claim now is that there must be no "ceiling" to limit further increases, however great they may become, and, furthermore, that the Federal Government must not be allowed to market any part of the hoard of 7,000,000 bales which it has hitherto acquired in carrying out its highly costly effort to spread the protecting blanket of an artificially augmented price over an aggregate of production largely exceeding the current demand for consumption. Substantially, the whole field of American agriculture has been subjected to this strange and uneconomic doctrine—and the cost has fallen heavily, for more than eight years, upon all domestic consumers and upon all who pay or contribute to the payment of Federal taxes.

Hitherto this specious doctrine has been maintained solely in behalf of domestic agriculture. It has been represented, as must irrefutably appear when it is intelligently analyzed, that some intrinsic weakness in the status of agricultural producers prevents them from realizing, in a free market and under the normal reactions of supply and demand, returns sufficient for their own subsistence under suitable conditions, and that, in consequence, all the other producers of the country must be taxed to provide the farmers with unearned subsidies. It is alleged that they have failed to obtain their "fair" and "proper" share of the national income, that such a share must be secured to them by taxation levied upon others; which is, of course, the exact equivalent of asserting that all the rest of the public, taken in the aggregate, receives an unjustly large and excessive share of such income, and that the excess ought to be taken away by taxation and distributed among the farmers. Obviously, such doctrine is certain to be highly attractive to those who believe themselves to be within the scope of its benefits. As such, it tends to spread to any group or class which can be self-deluded to the acceptance of some sufficiently plausible sophistry to the point of believing that its membership ought to live beneath the gratuitous shelter of some equally fanciful conception of obligatory parity. Parity wages naturally follow from observations of the enjoyments of parity prices.

The million or more railroad employees appearing, by their representatives, before the special tribunal designated

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From Washington

(Continued from first page)

Aside from the money they cost —the initial appropriation for the St. Lawrence project alone being $275,000,000—they require essential defense materials which industries out in the country are being denied, and in many instances, having to close down for lack of them.

Donald Nelson, in charge of priorities, is enjoying quite a vogue in Washington as a real cracker-down, a man who intends to exercise a firm hand and get some orderliness out of the administrative chaos. He has announced that OPM will prevent the pork barrel authorizations of Congress by simply refusing priorities on the necessary material. Let's see if he withholds priorities from the Florida ship canal, the St. Lawrence and the revised Passamaquoddy projects.

Mr. Roosevelt personally isn't so much concerned in the Florida ship canal. This is part of the price of Senator Claude Pepper's all-out support of the democracies. The sparks are going to fly when it comes up in the Senate, too, because Pepper is just about the most unpopular member of that body.

Knudsen and Stettinius once went before a House committee and recommended the St. Lawrence project as essential to defense. They did not really think it was, told their friends privately they did not think so. They were trying to get along in the contentious atmosphere of Washington. So let's see what Nelson does about it.

Official Washington is watching with keen interest to see what kind of a solution Judge Sam Rosenman works out in the conflict between Work Projects Administrator W. J. Carmody and Charles F. ("Chuck") Palmer, Defense Housing Coordinator. It has been going on for at least six months.

As head of the Work Projects Administration, Carmody is head of just about six different Government building agencies. They all overlap and get on one another's toes. His publicity men describe him as the Nation's biggest landlord. When "defense housing" became another undertaking of the Government—the erection of houses in mushroom defense communities — it was placed under him and he set up another building agency known as the Defense Housing Administration. Then Mrs. Roosevelt brought in "Chuck" Palmer, an Atlanta real estate man, to be the Defense Housing Coordinator. If anything, that is what Carmody was supposed to be.

Carmody is a pretty capable man and the record shows that he has a good case against Palmer. The latter has insisted on his building at places far removed from the industries in which the workers were employed, and the record is that several of the housing projects have gone unoccupied for many months. It would seem that the simple thing to do would have been to pull Palmer off the job of "coordinating" and place him somewhere else. But he is Mrs. Roosevelt's protege and here is a prediction that the Rosenman report will give Carmody the shorter end of the stick.

Rosenman settled the months old conflict in the defense production set-up, it will be recalled, by subordinating the Dollar-a-year men and placing the New Dealers in control.

When Mrs. Roosevelt expresses shock, as she did in a radio speech recently, that the Germans are encouraging the women to have children out of wedlock, the idea comes from "Wild Bill" Donovan's Office of Coordination of Information. This sort of stuff is what the office is supposed to

do—work out propaganda ideas.

About once a week some 100 or so college heads and professors get together with Donovan and Jimmy Roosevelt and the thinking is terrific. Their business is to outthink Hitler's propagandists. When they do it, they have some difficulty in placing their ideas. They have no medium of circulation of their own. They must place the idea with an appropriate agency, but other agencies are jealous of them, particularly the FBI, Secret Service, and the intelligence services of the Army and Navy. But Mrs. Roosevelt is a willing vehicle.

Donovan is really not very happy. He would much rather be leading a battalion in the field. He was a fighting "fool" in the First World War—wounded three times and decorated three times.

Speculative Washington is wagging its tongues over the report that Mr. Roosevelt has directed his aides to work out a $50 billion annual expenditure from now on. It shows his determination to go the limit of appropriating against Hitler, of course, but there are many who wonder if he isn't trying to test the patience of the American people at the same time. Our experience so far shows that the money can't possibly be spent. But as we have mentioned before, in the effort to spend so much "for defense" the domestic economy is being dislocated.

From what one hears around Washington, the impression is that next to defeating Hitler, Mr. Roosevelt's greatest problem is what to do with Tommy Corcoran. It is an insight to the President's character that he feels obligated to Tommy, yet nobody has ever caused him so much trouble. Tommy worked his "closeness" to the President to a fare-you-well. He had the knack of "using" the Washington gossip columnists to build himself up as one of the most powerful men in Washington, but in doing this he cost the President some of his most loyal friends: Jack Garner, for example. He helped disrupt the Democratic party. Apparently, he made the mistake in the last campaign of resigning the $9,000 a year job in the RFC from which he had operated but for which he never did any work, to campaign for Mr. Roosevelt's reelection. In doing this he got on the toes of Ed Flynn, Chairman of the Democratic National Committee. He made no bones about the fact that he wanted the "independents" whom he headed, to be the ones to reelect the President. As to just who reelected him is beside the point. The fact is that Tommy has never been able to get back in the Government. And the stories of the money he has made lobbying are exaggerated. Government departments, in view of the publicity he has got, are beginning to fight shy of him.

But the President still feels kindly towards him and has gone out of his way in an effort to help him. He has advanced him for several jobs, only to have the men to whom he was talking bristle and say absolutely "no." Recently, the President, talking to a friend, said:

"I suppose the only thing we can do is to dress him up in stripe trousers and make a Cordell Hull out of him."

Which is quite revealing as to Mr. Roosevelt's mind. He thinks Tommy has been greatly wronged, that his shortcoming is that he has not been dignified, and the comparison with Cordell Hull is revealing as to how he has always resented the latter's standing.

Leon Henderson has sent three men to Canada to study that country's price fixing plan. There is a well-founded theory in Washington that McKenzie-King, Canadian Premier, took the price fixing ball first in an effort to help his friend, Mr. Roosevelt, in this country.

Editorial—

Parity Railroad Wages, Plus

(Continued from page 722)

by the President to adjudicate their demands for greatly increased wages, now sitting in Chicago, have not applied the term "parity" in the presentation of their case, but their arguments would support that characterization, using the term as something implying some right to receive consideration and favor upon other than economic grounds. In fact, it has become the customary practice of the leaders of the organizations of railroad employees to press their regularly recurring applications for increased wages upon one or the other, and sometimes both, of two alternative grounds. When railroad gross receipts seem to be rising, the union leaders are always alert and quick to insist that the proportion of the total of such receipts expended for wages shall not be allowed to diminish, but, when total receipts do not rise, or advances in costs of necessary materials and supplies or heavier taxation encroach too severely to allow plausible presentation of arguments based upon that factor, the alternative argument is that wages must be increased in order to maintain the wages of all the different grades of railroad operatives at the same relative levels, as compared with the highest paid employees in other industries. This is precisely the "parity" argument relied upon by the self-constituted representatives of agriculture, and the conception of parity is as interested and reflective of myopic selfishness in the one case as in the other. As used by the union leaders who have appeared during the hearings in Chicago in support of higher railroad wages, the argument and the contentions upon which it is based are specious and unsound in the last degree. They cannot survive the test of anything more than the most superficial examination.

Consider, for example, the cases of the locomotive engineers and train conductors. These are the highest paid of all railroad operatives and, as a class, their earnings, upon an annual basis, probably quite considerably exceed those of any other large class of the artisans of this country, that is to say, of any in the world. For many of them, and those the highest paid of all, the hours of labor are very short—a hundred miles traversed, no matter how rapidly, being the contractual equivalent of a full day's employment and entitling the worker to be paid as for an entire day.

There was a time, so long ago that few railroad men have any recollection of such conditions, when every locomotive engineer was a splendidly trained and capable mechanic. He knew every detail and device of the locomotive which he operated and could have taken it apart and put it together again, after making repairs, from its small and primitive fire-box to its flickering headlight. It was not infrequently that he had to utilize this knowledge and all his hardly-acquired skill, for the locomotives of that day were imperfect machines made of materials most of which would now be rejected as too inferior for use, and rarely could one be operated from one division terminal to another without being stopped by the necessity for adjustments and repairs which every engineer had been educated to make. Wayside repairs have long been a thing of the past and no modern engineer has been trained to make them. Control of train operations by means of mechanically or electrically actuated roadside signals was, in those primitive days, a dream of the remote future, imperfectly realized in a few experimental installations that had not yet acquired the faint adumbration of the almost-perfection of the present day nor in any degree established the practical reliability which had to precede confidence. To an extent incalculably greater than at present, the locomotive engineers in control of the small wood-burning locomotives of the decade from 1870 to 1880, held in their sole custody the lives and safety of themselves, of their train-crews, and of the passengers and property carried in their trains. Improvements in equipment, signals, and road structures have revolutionized the picture. Whoever has operated an automobile in a city street, or upon any considerably traveled public highway, at a speed of as much as thirty miles an hour, and there are few American men or women in sound health who have not done so many times, has performed a feat incomparably more nervously and physically exhausting, as well as vastly more difficult and hazardous, both to himself and to others, than is now required of any locomotive engineer at the head of any train operated between any train terminals within the continental area of the United States. The highest speed attained by any passenger train anywhere between its terminals is every day exceeded by many automobile drivers, including boys and girls from eighteen to twenty years of age, operating without wayside signals of any sort, and overtaking and passing cars run at lower speeds as well as passing opposing traffic, upon thousands of concrete highways connecting American centers of population. Upon the same arteries of travel and transportation, unlighted save by the headlights of the rapidly moving motor vehicles, and unprotected by signals during most of the time, and throughout most of their length, great and heavily loaded motor trucks and uncounted passenger vehicles, operated at various speeds, pass and repass, frequently at high velocities, throughout all the hours of darkness as well as by daylight. It is a ridiculous anachronism to suppose or to suggest that the calling of a locomotive engineer, as now practiced, remains so difficult and exacting as to place those who follow it in a preferred class as properly the most highly remunerated among American workers.

Locomotive engineers usually are, and ought always to be, men of alert intelligence, well-skilled and fully conscious of their notable responsibilities. They ought as well to feel themselves a part of a splendid and ably administered industry and full participants in all its vicissitudes of difficulty and prosperity. Nothing in their employment, or in its tasks or responsibilities, entitles them to be parasites upon the transportation industry or upon the public which actually supplies the railroads with all the funds with which they can pay wages and taxes. The position of a railroad conductor was once about equivalent to that of the captain of a ship navigating upon the high seas. He was the chief and the ultimate authority during every progress between the stations at which he could receive orders and make reports. Nominally still in the same relation to train operations, he has become a great deal less in the dwindling significance of his functions. If you happen to be a passenger upon the train that is supposed to be under his direction, you will usually find him and his little tin trunk occupying two seats or a section or a drawing room in a pullman, slowly and listlessly sorting or checking tickets that have been handed to him by the brakeman or train-auditor who has relieved him of the duty of ticket collection. He wears a white collar and the invariable blue livery of his calling, his long service may be attested by the gold braid upon his sleeve, he may be about to retire upon an enviably large Federal pension, supplemented in many cases by an increment voluntarily added by his employer, and he is almost always an agreeable gentleman, tolerant but a trifle bored by the public with which he has to deal. But it has become entirely unreasonable that he should be as highly paid as the locomotive engineer of the same train or that his annual remuneration should very largely exceed the yearly earnings of (say) the best craftsmen among the carpenters working in the suburban village in which he probably resides.

The adjudicating body now in session in Chicago is not likely to give consideration to such matters as these. They have been cautiously avoided by the representatives of the employees, and scarcely alluded to in the testimony and arguments emanating from the employers' side. Something of the untouchable and the sacrosanct seems tacitly to be conceded to whatever already exists in these matters of relationships in wages. They partake, perhaps, of the nature of sleeping dogs, which no one is willing to arouse, lest they prove to be ferocious and ready and able to rend and tear. But if questions of "parity," or of "parity plus," are placed in issue, these ancient relationships, which have long outlived whatever reasonable basis they ever had, must be seen to be the very essence of such discussion. Whoever then seeks and determines to avoid them will be doing nothing except to evade and ignore whatever fundamental responsibility he has assumed or accepted. Nearly all railroad labor, since the last great war, has been overpaid, in comparison with most other labor, and at the expense, very largely, of the poorest among those who work and dwell in cities and the least prosperous of those who inhabit rural communities. By organized pressure and political favor, it has been made into a highly favored class and its natural greed has been encouraged to a point at which it appears to be quite insatiable. There is no reason why the unjust disparities should be continued in its favor. There is every reason for protesting, in the name of all other labor, all poverty, and all frugal living, against their enhancement at this period of general sacrifice and public exigency.

ABA R. E. Mortgage Clinic

A Real Estate Mortgage Clinic will be held in Philadelphia Oct. 30-31 by the American Bankers Association, it is announced by Stuart C. Frazier, President of the Association's Savings Division and Vice-President of the Washington Mutual Savings Bank, Seattle, Wash. The two-day series of open forum discussions of real estate mortgage lending will be conducted under the direction of Dr. Ernest M. Fisher, A. B. A. Director of Research in Mortgage and Real Estate Finance. The discussions will be woven around the theme of "Mortgage and Real Estate Problems of Banks in the Emergency." Banks in four States and the District of Columbia will send delegates to the clinic. The States are Delaware, Maryland, New Jersey, and the eastern portion of Pennsylvania. In all, there are 1,395 banks in the area. Headquarters for the meeting will be the Bellevue-Stratford Hotel.

The State Of Trade

Business activity continues to expand, with electric output reported at a new all-time high and steel operations, coal production and petroleum runs to stills showing moderate gains.

However, a dip in freight carloadings occurred in the week ended last Saturday, according to the report issued by the Association of American Railroads, indicating a contra-seasonal contraction in traffic at a time of the year when the railroads normally prepare for the peak movement. The total revenue cars loaded amounted to 903,877, a drop of 13,639 cars, or 1.5% from the previous week's level, and contrasted with the yearly peak thus far of 919,510 cars registered in the week ended Sept. 27th.

Effects of the lack of materials in non-defense lines and the consequent slackening of demand for transport service were seen in the week's rail traffic. Officials who have claimed that the season's peak has already been passed, pointed to the significant drop of 4,328 cars in miscellaneous freight last week as well as lower totals in less-than-carload merchandise and grain.

Steel operations this week are scheduled to be at 97.8% of ingot capacity, according to an estimate of the American Iron & Steel Institute. A year ago operations were scheduled at 94.9%. There is a possibility that steel production will be severely curtailed before the winter is over as a result of labor conditions and a shortage of scrap, says the trade publication "Steel."

Automobile production last week was the largest in several weeks, indicating the new model season is gaining headway. The week's output was 85,600 units. This compares with 114,672 cars produced in the corresponding week of last year.

Labor disturbance continues a factor of no little importance. At the moment the Chicago district is the focal point in the labor situation, the short interruption of a week ago, which cost considerable production, being followed by various movements looking to a closed shop. Observers regard the situation as anything but healthy and fraught with dire possibilities.

The unemployment problem in small industries and some of the larger manufacturing centers outside the national defense areas which is being created by operation of the priorities system, started a Congressional upheaval that may lead to a special investigation of the system.

Reports that entire factories have been compelled to close their doors for lack of some essential material that would keep them going, and failure of national defense officials to foresee this problem earlier and make plans for it, has stirred up a publication reaction back home that is putting the members on the spot and raising a clamor for Congressional action.

Industrial activity continued at a high rate in September and the first half of October. Further advances in the output of defense products were accompanied by curtailment in some lines of civilian goods, particularly automobiles, rubber and silk, according to the Federal Reserve Board. Prices of industrial products increased further, but agricultural prices declined after the middle of September, and on Oct. 16th, dropped sharply in response to international developments, according to the Federal Reserve. It is further stated that industrial output increased by about the usual seasonal amount in September and the Board's adjusted index remained at 160% of the 1935-1939 average, the same as July and August.

Observers point out that although there has been considerable discussion in Government circles over the need of reducing consumer purchasing power, no specific new action is anticipated this year at least, barring active American participation in the war. It is pointed out that much of the expansion in pay rolls has stemmed from re-employment rather than from wage increases, and there is extreme reluctance in Administration circles to impose pay roll levies on such earnings.

Indications are that consumer purchasing power will remain at present high levels until after the turn of the year. Since no serious shortages of durable goods are anticipated until next year, purchasing power will not be deflected into non-durable goods for the time being, observers state.

Reeves Named Asst. to Mutual Life President

Clifford B. Reeves has been appointed Assistant to the President of the Mutual Life Insurance Co. of New York. This announcement was made on Oct. 15 by Lewis W. Douglas, President of the company, who stated that Mr. Reeves will assume his new duties on Nov. 1, when he will resign as Vice-President of Doremus & Co., New York advertising agency, to join the Mutual Life. Mr. Reeves has been associated with Doremus & Co. since 1933. From 1928 to 1933, he was connected with the investment banking firm of J. G. White & Co., Inc., of which he was a director. Prior to that, he was engaged in newspaper work and business publishing. He is a writer on financial and economic subjects, and has contributed articles to leading American periodicals in recent years.

Industrial Activity Still at a High Rate

(Continued from first page)

ates, output in September was considerably below the maximum quota that had been authorized by the Government.

In the textile industry activity declined somewhat in September, reflecting mainly a further sharp reduction at silk mills. Activity at wool mills rose to a new high level, while at cotton mills there was little change from a rate slightly below the peak reached last May. Shoe production continued in large volume, and output of manufactured food products was maintained near the peak August level. Output of chemicals likewise continued at earlier high rates, but at rubber plants activity was considerably below the level of last summer owing to curtailment programs ordered by the Government.

Coal production, which during the summer months had been unusually large, increased less than seasonally in September, owing in part to temporary work stoppages at some bituminous and anthracite mines. Crude petroleum production advanced to record levels in September and the first half of October, and output of metals and shipments of iron ore down the Lakes continued at about capacity.

Value of construction contract awards declined in September, according to figures of the F. W. Dodge Corp., reflecting chiefly decreases in awards for public projects which had been exceptionally large in August. Awards for private residential building also declined, while contracts for other private work increased somewhat further. Total awards in September, as in August, were 80% larger than in the corresponding period last year. This higher level reflected mainly a greater amount of public construction, which was nearly three times as large as a year ago, compared with an increase of about 10% for private construction.

On Oct. 9, the Supply Priorities and Allocations Board announced that, effective immediately, no public or private construction projects which use critical materials could be started during the emergency unless these projects were either necessary for direct national defense or essential to the health and safety of the nation.

Distribution

Distribution of general merchandise showed less than the customary seasonal rise in September, following an unusually large volume of sales in August. During the past three months sales have been larger than in the corresponding period of any previous year. In the first half of October sales at department stores declined from the peak reached in late September when there were considerable consumer purchases, particularly of articles subject to higher taxes on Oct. 1.

Loadings of revenue freight in September increased less than seasonally, particularly those of miscellaneous freight, which have been high in recent months, and loadings of coal, which were curtailed during part of the month by work stoppages at some mines. Shipments of forest products declined considerably from the high August level.

Commodity Prices

Prices of industrial products continued to advance in September and the first half of October and Federal price ceilings were announced for additional commodities, including leading types of lumber, coke, wastepaper, paperboard, acetic acid, alcohols, and carded cotton yarns. In some cases these ceilings were below previously existing market quotations. Price advances were permitted, however, for some other commodities under Federal control. Prices of cotton and of foodstuffs increased further in the first half of September, but subsequently declined, owing partly to seasonal influences. On Thursday, Oct. 16, prices of these commodities dropped sharply.

Bank Credit

Commercial loans at member banks continued to rise during September and the first half of October, reflecting in part defense demands. Increases were substantial both in New York and in other leading cities. Holdings of United States Government obligations decreased, mainly at banks in leading cities outside of New York. Excess reserves of member banks showed little change in this period.

United States Government Security Market

Following a slight decline in the first half of September, prices of long-term Treasury partially tax-exempt bonds increased during the latter half of September and in the first part of October. The yield on the 2¾% bonds of 1960-65 reached a new record low of 2.01% in October. Prices of taxable bonds moved within a relatively narrow range during the period with yields slightly above previous low levels.

Daily Average Crude Oil Production for Week Ended Oct. 18, 1941, Gains 39,600 Barrels

The American Petroleum Institute estimates that the daily average crude oil production for week ended Oct. 18, 1941 was 4,110,550 barrels. This was a gain of 39,600 barrels from the output of the preceding week and the current week's figures were above the 4,012,900 barrels calculated by the U. S. Department of the Interior to be the total of restrictions imposed by the various oil-producing States during October. Daily average production for the four weeks ended Oct. 18, 1941 is estimated at 4,025,550 barrels. The daily average output for the week ended Oct. 19, 1940, totaled 3,667,550 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.4% of the 4,538,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 4,120,000 barrels of crude oil daily during the week, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of the week, 82,584,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 13,909,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	aB. of M. Calculated Requirements (October)	State Allowables	Actual Production: Week Ended Oct. 18 1941	Change from Previous Week	4 Weeks Ended Oct. 18 1941	Week Ended Oct. 19 1940
Oklahoma	481,500	428,000	b418,100	—10,100	425,950	398,350
Kansas	253,000	253,000	b259,800	+28,150	247,450	195,450
Nebraska	5,300	------	b5,700	—550	6,250	2,550
Panhandle Texas			80,400	—4,000	79,150	80,500
North Texas			104,750	+900	103,250	111,200
West Central Texas			31,000	+150	30,800	31,250
West Texas			282,850	+3,150	268,250	239,400
East Central Texas			85,450	+1,950	83,400	77,850
East Texas			369,900	+200	351,900	374,900
Southwest Texas			219,350	+850	208,800	224,550
Coastal Texas			292,000	—1,150	281,550	236,000
Total Texas	1,420,100	c1,485,966	1,465,700	+2,050	1,407,100	1,375,650
North Louisiana			80,150	+50	80,200	66,400
Coastal Louisiana			265,350	+9,150	257,450	218,200
Total Louisiana	332,000	339,233	345,500	+9,200	337,650	284,600
Arkansas	78,200	73,415	71,850	+600	73,250	69,700
Mississippi	43,900		b64,200	+2,000	60,450	14,250
Illinois	399,200		420,100	+12,750	420,350	351,100
Indiana	20,100		b18,650	—600	19,200	18,150
Eastern (not incl. Ill. & Ind.)	98,100		94,300	+950	93,850	89,700
Michigan	44,100		59,200	+1,600	56,150	47,200
Wyoming	84,300		85,500	—4,800	88,300	77,450
Montana	20,300		20,050	—50	20,350	18,500
Colorado	5,000		4,850	+150	4,850	3,600
New Mexico	114,600	114,600	115,950	+1,450	114,850	101,100
Total East of Calif.	3,399,700		3,449,450	+42,800	3,376,000	3,047,350
California	613,200	d613,200	661,100	—3,200	649,550	620,200
Total United States	4,012,900		4,110,550	+39,600	4,025,550	3,667,550

aThese are Bureau of Mines' calculations of the requirements of domestic crude oil based upon certain premises outlined in its detailed forecast for the month of October. As requirements may be supplied either from stocks, or from new production, contemplated withdrawals from crude oil inventories must be deducted from the Bureau's estimated requirements to determine the amount of new crude to be produced.

bOkla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. Oct. 15.

cThis is the net basic 31-day allowable as of Oct. 1, but experience indicates that it will increase as new wells are completed, and if any upward revisions are made. With a few exceptions the entire State, including Panhandle, was ordered shut down on Oct. 4, 5, 11, 12, 18, 19, 25, 26 and 31.

dRecommendation of Conservation Committee of California Oil Producers.

NOTE:—The figures indicated above do not include any estimate of any oil which might have been surreptitiously produced.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED OCT. 18, 1941

(Figures in Thousands of Barrels of 42 Gallons Each)

District	*Daily Refining Capacity: Potential Rate*	*P. C. Reporting*	*Crude Runs to Stills: Daily Aver.*	*P. C. Operated*	*Gasoline Produc'n at Refineries Incl. Natural Blended*	*Stocks Finished & Unfinished Gasoline*	*b Stocks of Gas Oil and Distillates*	*b Stocks of Residual Fuel Oil*	*c Stocks Aviation Gasoline*
East Coast	673	100.0	684	101.6	1,968	19,559	20,212	10,875	E. Coast
Appalachian	166	83.8	125	89.9	449	3,216	606	402	674
Ind., Ill., Ky.	752	84.4	667	105.0	2,624	15,283	5,862	4,676	Interior
Okla., Kans., Mo.	413	80.7	320	96.1	1,281	7,147	2,140	2,137	1,387
Inland Texas	263	63.2	149	89.8	674	2,298	571	1,423	G. Coast
Texas Gulf	1,097	91.0	995	99.6	3,137	11,055	6,358	9,215	2,675
Louisiana Gulf	156	94.2	156	105.4	394	2,664	1,838	2,069	
No. La. & Ark.	95	49.9	53	112.8	153	403	410	428	
Rocky Mountain	136	50.1	55	80.9	211	1,006	127	325	Calif.
California	787	90.9	550	76.9	1,628	14,538	12,929	62,875	2,115
Reported		86.4	3.754	95.7	12,519	77,169	51,053	94,425	6,851
Estimated Unreported			366		1,390	5,415	1,350	1,375	385
aEstd. Total U. S. Oct. 18, 1941	4,538		4,120		13,909	f82,584	52,403	95,800	7,236
aEstd. Total U. S. Oct. 11, 1941	4,538		4.075		13,515	81,381	51,289	95,527	7.322
U. S. B. of M. aOct. 18, 1940			d3,529		e11,680	80,414	48,943	107,236	6,127

aEstimated Bureau of Mines' basis. bAt refineries, bulk terminals, in transit and in pipe lines. cIncluded in finished and unfinished gasoline total. dOctober, 1940 daily average. eThis is a week's production based on U. S. Bureau of Mines October 1940, daily average. fFinished, 74,934,000 bbl.; unfinished, 7,650,000 bbl.

U. S.-Haiti Pact

The signing of an executive agreement between the United States and Haiti defining the financial relationship between the two countries was announced in Washington by the State Department on Sept. 13. The agreement, which was signed at Port-au-Prince, is also designed to safeguard the interests of holders of 1922 and 1923 Haitian bonds. In reporting the signing of the agreement, United Press advices from Washington, Sept. 13, had the following to say:

Under the agreement, the National Bank of the Republic of Haiti was reorganized, with a new board of directors consisting of three Haitians and three Americans. The Americans are W. H. Williams, a resident of Port-au-Prince and general manager of the bank; Thomas Pearson of Asheville, N. C., deputy general receiver of Dominican customs, and Edward F. Roosevelt of New York, representative for several years of United States business concerns in France, Belgium and Spain.

Revenue Freight Car Loadings During Week Ended Oct. 11, 1941 Totaled 903,877 Cars

Loading of revenue freight for the week ended Oct. 11 totaled 903,877 cars, the Association of American Railroads announced on Oct. 16. The increase above the corresponding week in 1940 was 91,971 cars, or 11.3%, and above the same week in 1939 was 63,925 cars, or 7.6%.

Loadings of revenue freight for the week of Oct. 11 decreased 13,639 cars, or 1.5% below the preceding week.

Miscellaneous freight loading totaled 392,599 cars, a decrease of 4,328 cars below the preceding week, but an increase of 43,687 cars above the corresponding week in 1940.

Loading of merchandise less than carload lot freight totaled 160,718 cars, a decrease of 591 cars below the preceding week, but an increase of 57 cars above the corresponding week in 1940.

Coal loading amounted to 171,694 cars, an increase of 1,596 cars above the preceding week, and an increase of 51,384 cars above the corresponding week in 1940.

Grain and grain products loading totaled 36,553 cars, a decrease of 3,627 cars below the preceding week, and a decrease of 721 cars below the corresponding week in 1940. In the Western Districts alone, grain and grain products loading for the week of Oct. 11 totaled 23,856 cars, a decrease of 2,353 cars below the preceding week, but an increase of 75 cars above the corresponding week in 1940.

Live stock loading amounted to 20,226 cars, an increase of 1,335 cars above the preceding week, but a decrease of 1,483 cars below the corresponding week in 1940. In the Western Districts alone, loading of live stock for the week of Oct. 11 totaled 16,573 cars, an increase of 1,088 cars above the preceding week, but a decrease of 1,006 cars below the corresponding week in 1940.

Forest products loading totaled 44,832 cars, a decrease of 1,606 cars below the preceding week, but an increase of 3,735 cars above the corresponding week in 1940.

Ore loading amounted to 64,096 cars, a decrease of 6,018 cars below the preceding week and a decrease of 6,266 cars below the corresponding week in 1940.

Coke loading amounted to 13,159 cars, a decrease of 400 cars below the preceding week, but an increase of 1,578 cars above the corresponding week in 1940.

All districts reported increases compared with the corresponding week in 1940, except the North Western and all districts reported increases over 1939.

	1941	1940	1939
4 Weeks of January	2,740,095	2,557,735	2,288,730
4 Weeks of February	2,824,188	2,488,879	2,282,866
5 Weeks of March	3,817,918	3,123,916	2,976,655
4 Weeks of April	2,793,563	2,495,212	2,225,188
5 Weeks of May	4,160,527	2,351,840	2,926,408
4 Weeks of June	3,510,137	2,896,953	2,563,953
4 Weeks of July	3,413,427	2,822,450	2,532,236
5 Weeks of August	4,464,458	3,717,933	3,387,672
4 Weeks of September	3,539,171	3,135,122	3,102,236
Week of Oct. 4	917,516	806,004	830,102
Week of Oct. 11	903,877	811,906	839,952
Total	33,084,877	28,207,950	25,955,998

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 11, 1941. During this period 94 roads showed increases when compared with the same week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED OCT. 11

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1941	1940	1939	1941	1940
Eastern District—					
Ann Arbor	566	588	765	1,482	1,235
Bangor & Aroostook	1,245	892	1,149	290	253
Boston & Maine	9,047	7,568	7,933	13,533	10,728
Chicago, Indianapolis & Louisville	1,591	1,449	1,693	2,426	2,254
Central Indiana	26	19	25	58	53
Central Vermont	1,506	1,347	1,246	2,463	2,331
Delaware & Hudson	7,562	6,074	6,102	10,782	7,837
Delaware, Lackawanna & Western	9,729	9,357	10,734	8,712	7,530
Detroit & Mackinac	502	502	430	141	125
Detroit, Toledo & Ironton	2,366	2,530	2,564	1,295	1,148
Detroit & Toledo Shore Line	406	356	325	3,766	2,493
Erie	16,447	14,291	14,554	15,702	14,441
Grand Trunk Western	5,148	5,319	4,972	9,337	7,819
Lehigh & Hudson River	217	204	213	2,912	2,105
Lehigh & New England	2,238	1,968	2,207	1,867	1,113
Lehigh Valley	10,120	9,254	9,808	9,592	7,159
Maine Central	3,221	2,705	2,917	2,852	2,064
Monongahela	7,101	3,268	5,710	424	218
Montour	2,073	2,136	2,180	52	54
New York Central Lines	52,461	46,097	46,788	52,224	40,409
N. Y., N. H. & Hartford	12,631	10,789	10,670	16,190	13,888
New York, Ontario & Western	1,283	1,239	1,368	2,382	1,962
N. Y., Chicago & St. Louis	7,023	6,144	7,121	13,955	11,069
N. Y., Susquehanna & Western	526	390	428	1,661	1,515
Pittsburgh & Lake Erie	9,085	7,906	7,474	8,716	6,955
Pere Marquette	6,315	7,020	6,614	6,352	5,214
Pittsburgh & Shawmut	669	512	677	44	67
Pittsburgh, Shawmut & North	421	421	465	514	215
Pittsburgh & West Virginia	1,277	598	1,382	2,535	1,896
Rutland	615	674	717	1,205	987
Wabash	5,946	6,072	6,183	10,842	9,222
Wheeling & Lake Erie	5,390	4,556	5,349	4,436	3,191
Total	184,753	162,245	170,763	208,742	167,550
Allegheny District—					
Akron, Canton & Youngstown	725	599	534	1,087	1,032
Baltimore & Ohio	41,447	34,181	37,520	23,830	18,587
Bessemer & Lake Erie	5,847	6,982	5,473	2,285	2,348
Buffalo Creek & Gauley	313	270	315	5	4
Cambria & Indiana	2,001	1,568	1,594	17	23
Central R.R. of New Jersey	8,492	7,925	7,604	16,526	12,949
Cornwall	732	663	673	42	47
Cumberland & Pennsylvania	295	268	298	34	54
Ligonier Valley	135	129	154	35	52
Long Island	899	1,014	604	2,952	3,132
Penn-Reading Seashore Lines	1,774	1,631	1,528	2,058	1,784
Pennsylvania System	88,152	72,582	77,904	60,256	45,092
Reading Co.	17,563	15,585	15,355	24,705	18,704
Union (Pittsburgh)	19,963	19,292	17,785	5,963	5,949
Western Maryland	4,449	3,578	4,373	8,399	7,262
Total	192,787	166,267	171,714	148,194	117,019
Pocahontas District—					
Chesapeake & Ohio	30,232	22,800	29,452	14,269	10,960
Norfolk & Western	25,324	20,215	24,205	6,353	5,307
Virginian	4,684	4,142	4,644	2,003	1,638
Total	60,240	47,157	58,301	22,625	17,905

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1941	1940	1939	1941	1940
Southern District—					
Alabama, Tennessee & Northern	380	282	282	199	167
Atl. & W. P.—W. R.R. of Ala.	901	866	919	2,129	1,701
Atlanta, Birmingham & Coast	854	742	647	1,209	811
Atlantic Coast Line	11,115	10,413	9,320	7,011	5,941
Central of Georgia	4,861	4,476	4,323	4,414	3,773
Charleston & Western Carolina	472	460	476	1,501	1,179
Clinchfield	1,768	1,310	1,437	2,789	1,971
Columbus & Greenville	394	413	478	405	372
Durham & Southern	214	160	183	458	372
Florida East Coast	422	520	605	1,050	1,190
Gainsville Midland	41	31	48	83	103
Georgia	1,467	1,221	1,072	2,295	1,713
Georgia & Florida	535	332	342	611	467
Gulf, Mobile & Ohio	4,313	3,904	3,705	3,629	3,509
Illinois Central System	28,388	25,186	27,003	14,994	13,704
Louisville & Nashville	27,064	21,386	26,160	9,157	6,676
Macon, Dublin & Savannah	185	134	175	702	541
Mississippi Central	189	173	214	368	323
Nashville, Chattanooga & St. L.	3,839	3,293	3,020	3,375	2,932
Norfolk Southern	1,530	1,259	1,340	1,447	1,333
Piedmont Northern	512	440	418	1,802	1,125
Richmond Fred. & Potomac	389	389	388	5,967	3,734
Seaboard Air Line	10,575	9,863	9,614	7,315	5,146
Southern System	26,181	23,505	23,905	21,404	16,839
Tennessee Central	500	507	406	789	593
Winston-Salem Southbound	173	167	234	932	868
Total	127,262	111,432	116,714	96,035	77,083
Northwestern District—					
Chicago & North Western	22,598	23,474	22,117	14,886	11,308
Chicago Great Western	2,981	2,994	2,862	3,488	3,303
Chicago, Milw., St. P. & Pac.	23,964	22,625	22,800	9,689	8,572
Chicago, St. P., Minn. & Omaha	4,291	3,885	4,248	4,727	4,435
Duluth, Missabe & Iron Range	21,284	21,366	15,285	300	355
Duluth, South Shore & Atlantic	1,038	1,318	1,560	545	547
Elgin, Joliet & Eastern	9,993	9,315	8,538	10,464	6,802
Ft. Dodge, Des Moines & South	583	629	515	144	178
Great Northern	25,400	26,872	25,912	4,684	3,642
Green Bay & Western	640	668	835	680	710
Lake Superior & Ishpeming	1,960	3,585	4,095	90	82
Minneapolis & St. Louis	2,172	2,600	2,263	2,460	2,532
Minn., St. Paul & S. S. M.	7,604	7,734	7,880	3,139	2,945
Northern Pacific	13,694	12,772	13,397	5,123	3,741
Spokane International	186	298	266	337	271
Spokane, Portland & Seattle	2,701	2,075	1,569	2,562	1,907
Total	141,089	142,210	134,142	63,318	51,330
Central Western District—					
Atch. Top. & Santa Fe System	24,004	22,438	23,165	9,378	7,617
Alton	3,100	3,077	3,316	2,940	2,289
Bingham & Garfield	673	500	435	86	72
Chicago, Burlington & Quincy	18,817	18,346	19,467	11,994	10,463
Chicago & Illinois Midland	2,599	2,252	2,192	976	712
Chicago, Rock Island & Pacific	13,422	13,440	13,234	10,945	9,645
Chicago & Eastern Illinois	2,842	2,675	2,936	3,094	2,797
Colorado & Southern	1,033	857	1,093	2,072	1,610
Denver & Rio Grande Western	4,720	3,987	5,088	5,061	4,220
Denver & Salt Lake	1,054	903	1,093	12	27
Fort Worth & Denver City	1,141	1,330	1,250	1,120	1,040
Illinois Terminal	1,906	1,797	1,988	2,151	1,513
Missouri-Illinois	1,044	1,045	1,257	427	404
Nevada Northern	2,046	1,853	1,598	156	140
North Western Pacific	1,402	938	1,013	*563	507
Peoria & Pekin Union	17	5	37	0	0
Southern Pacific (Pacific)	32,873	28,101	27,170	7,914	5,378
Toledo, Peoria & Western	357	355	464	1,773	1,434
Union Pacific System	21,446	19,568	21,269	14,649	11,089
Utah	564	482	710	5	8
Western Pacific	2,140	1,913	1,941	4,604	3,390
Total	137,200	125,862	130,716	79,920	64,355
Southwestern District—					
Burlington-Rock Island	183	188	183	244	307
Gulf Coast Lines	3,339	2,603	2,600	2,188	1,725
International-Great Northern	1,968	1,880	1,865	2,219	2,052
Kansas, Oklahoma & Gulf	193	276	352	1,135	902
Kansas City Southern	2,840	2,229	2,028	2,812	2,173
Louisiana & Arkansas	2,511	2,207	2,370	2,255	1,661
Litchfield & Madison	356	276	414	1,138	1,016
Midland Valley	765	562	731	264	161
Missouri & Arkansas	220	241	291	410	338
Missouri-Kansas-Texas Lines	5,119	5,160	4,582	3,916	3,107
Missouri Pacific	18,133	16,617	17,247	13,742	10,777
Quanah Acme & Pacific	78	139	109	175	134
St. Louis-San Francisco	9,704	8,725	9,050	6,474	5,183
St. Louis Southwestern	3,299	3,366	3,191	3,485	2,525
Texas & New Orleans	7,550	7,632	7,608	4,384	3,527
Texas & Pacific	4,142	4,455	4,772	4,980	3,830
Wichita Falls & Southern	133	163	193	59	60
Weatherford M. W. & N. W.	13	14	16	30	18
Total	60,546	56,733	57,602	49,910	39,496

Note—Previous year's figures revised. * Previous figures.

On The Foreign Front

European Markets

Narrow movements and restricted trading were reported this week on stock exchanges in the leading European financial centers. The London Stock Exchange was dull in the final sessions of last week, but improved slightly as dealings were resumed on Monday. Slowing of the German drive toward Moscow heartened the British market to a degree. Far Eastern securi-curities advanced when the Japanese failed to make military gestures of the more ominous variety, and Mexican oil shares jumped after relations were resumed between London and Mexico City. But British funds hardly varied and the large groups of industrial and rail stocks also were barely maintained, pending further war developments.

The Bourse at Amsterdam was weak and strong by turns, with interest still centered in the stocks of companies based at East Indian points or in Britain and North America. Such issues moved a few points upward early this week, owing to the German difficulties in Russia. The French markets are functioning quietly under strict controls, and have been stable recently. The Boerse in Berlin is dispirited, despite the string of Nazi victories, for a good deal of official pressure has served to keep movements low and speculation at a minimum. German counter - inflationary measures are more successful than most others.

Shooting War

That the United States now is fully engaged in a "shooting war" cannot be doubted, in view of a torpedo attack on the American destroyer Kearny, last Friday, and several fresh sinkings of merchant ships carrying our flag or owned by the United States Government and flying the Panamanian flag. The gravity of these incidents needs no emphasis, but it is apposit to point out that continuance of current tendencies almost of necessity will involve the country in vast expeditionary movements and possibly in unending warfare in distant areas, notwithstanding the most fervent assurances by President Roosevelt that American boys will not be sent overseas to fight foreign wars.

The new series of incidents affecting American ships comes at a moment when debate on the neutrality legislation was rising. The House voted last Friday to amend the Act and permit the arming of American merchant ships, the count showing 259 in favor of this change, and 133 opposed. That the Senate will adopt this change and perhaps carry the matter farther is regarded as certain. The further change desired by President Roosevelt and his advisers would permit American ships to enter British ports and deliver the lend-lease goods. All safeguards against involvement in the European war thus are breaking down.

Party lines are disappearing as the country rallies behind the Administration in the grim test of shooting war. Ever more stringent rules and regulations are appearing, and priorities are approaching the point of complete disregard of individual comforts and requirements, for the sake of foreign military adventure. There is every likelihood that the war will be a two-ocean affair for the United States, in which a husbanding of resources will be advisable. The current tendency, however, is still to aid in unstinted measure with our war materials the countries fighting the German Reich. Russia, which certainly cannot be regarded as an unaggressive State, was accorded on Monday a further Treasury credit of $30,000,000, against promise of future gold deliveries.

The incident of the United States destroyer Kearny easily outranks all others as a war development directly affecting this country. This new and fast ship of 1,630 tons was torpedoed, according to the Navy Department, while on patrol duty 350 miles southwest of Iceland. Initial advices were sparse, and it developed only on Sunday that 11 members of the crew were missing and ten others injured. The vessel reached an undisclosed haven without further incident. Secretary of State Cordell Hull denounced this torpedo attack in vigorous terms, Monday, but said that no diplomatic protest would be made to Berlin because "one does not send notes to an international highwayman." German spokesmen affected to know nothing of the attack, and declared that the incident was manufactured in influence the neutrality act amendment vote in Congress.

In a press conference on Tuesday, President Roosevelt echoed the sentiments expressed by Mr. Hull as to the piracy of the attack on the Kearny, and also made it known that further attacks on American merchant ships had occurred. The American flag freighter Lehigh, 4,983 tons, had been sunk by torpedo in the South Atlantic last Sunday, Mr. Roosevelt said, although the vessel was empty and on a trading voy-

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Foreign Front

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age at the time. Marine circles in New York made it known at the same time that the U. S. owned ship Bold Venture, 3,222 tons, flying the Panamanian flag, had gone down after a torpedo attack on a voyage to England.

Convoying apparently was the duty of the Kearny, when she was hit by a German torpedo. Debates on the nature of the mission and the precise circumstances surrounding the attack obviously are advisable, in view of the belated disclosures regarding the Greer incident. The fact cannot be expunged, however, that American lives now have been lost in the European war. The grim aftermath of complete American involvement may be delayed somewhat longer, but there cannot be two opinions concerning the tendency.

Japan Prepares

Grave portents now have appeared in the Far East, owing to a change of government in Japan which obviously is designed to provide flexibility, in the event of European developments of which Tokio may wish to take political and military advantage. The Cabinet headed by Premier Prince Fumimaro Konoye resigned last Friday, and was replaced by a regime under the leadership of Lieut. Gen. Hideki Tojo, whose leanings toward German militarism are well known. Although Tokio dispatches cheerfully report that the new Japanese Government intends to seek an accord with the United States, the mere fact of the change indicates plainly that the emphasis has shifted in Japanese diplomacy and that conciliation has been supplanted by hopes of fresh conquests.

The Konoye regime endeavored since last August to develop a rapprochement with the United States, and a personal note from the Premier to President Roosevelt was part of that plan. The exchange has never been published, but the lack of success is glaringly obvious in the continued economic sanctions applied by the United States, Great Britain and the Netherlands East Indies to Japan. A change in Japanese policy is not surprising, in the circumstances, and the requirements of "face saving" made a governmental change necessary.

All the traditions of Japan were observed in this Cabinet change, which was accompanied by official statements about the difficulties of "Japanese policy" and the "national mission." After due consultations with Emperor Hirohito, which filled the Premier with "awe," Prince Konoye resigned his post, and early last Saturday a new regime under the leadership of the Army favorite, General Tojo, was organized. For the vital Foreign Affairs post the new Premier chose Shigenori Togo, former Ambassador at Berlin and Moscow, while the Finance Ministry was entrusted to Okinobu Kaya, who steadily has been associated with Konoye, in one capacity or another.

The outstanding circumstance about the new regime was its military character. All members were regarded as inclined toward the expansionist policy fostered by the Japanese Army and accepted, more or less willingly, by the Navy. The increase of Army influence in the Cabinet is indicative, it may be presumed, of fresh land adventures in Japanese militarism, and the conclusion probably is warranted that the Cabinet change was made with a view to a move against the Soviet Russian Maritime Provinces of Siberia, which long have

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Electric Output For Week Ended Oct. 18, 1941 Shows Gain Of 15.3% Over Like Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Oct. 18, 1941 was 3,273,184,000 kwh. The current week's output is 15.3% above the output of the corresponding week of 1940, when production totaled 2,837,730,000 kwh. The output for the week ended Oct. 11, 1941 was estimated to be 3,314,952,000 kwh., an increase of 17.7% over the like week a year ago.

PERCENTAGE INCREASE FROM PREVIOUS YEAR

Major Geographic Regons	Week Ended Oct. 18, '41	Week Ended Oct. 11, '41	Week Ended Oct. 4, '41	Week Ended Sept. 27, '41
New England	14.0	20.7	19.9	18.9
Middle Atlantic	12.6	16.6	14.8	10.8
Central Industrial	17.8	19.6	20.7	17.4
West Central	17.5	15.7	16.8	13.1
Southern States	17.0	19.3	20.2	16.8
Rocky Mountain	18.4	20.3	19.1	17.1
Pacific Coast	x9.3	x10.6	x10.4	9.6
Total United States	15.3	17.7	17.8	14.8

x Percentage should be higher; data under revision.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended	1941	1940	Percent Change 1941 from 1940	1939	1938	1937
June 7	3,042,128	2,598,812	+17.1	2,328,756	2,056,509	2,266,759
June 14	3,066,047	2,664,853	+15.1	2,340,571	2,051,006	2,260,771
June 21	3,055,841	2,653,788	+15.2	2,362,436	2,082,232	2,287,420
June 28	3,120,780	2,659,825	+17.3	2,395,857	2,074,014	2,285,362
July 5	2,866,865	2,425,229	+18.2	2,145,033	1,937,486	2,139,281
July 12	3,141,158	2,651,626	+18.5	2,402,893	2,154,099	2,358,438
July 19	3,162,586	2,681,071	+18.0	2,377,902	2,152,779	2,321,531
July 26	3,183,925	2,760,935	+15.3	2,426,631	2,159,667	2,312,104
Aug. 2	3,226,141	2,762,240	+16.8	2,399,805	2,193,750	2,341,103
Aug. 9	3,196,009	2,743,284	+16.5	2,413,600	2,198,266	2,360,9 0
Aug. 16	3,200,818	2,745,697	+16.6	2,453,556	2,206,560	2,365,859
Aug. 23	3,193,404	2,714,193	+17.7	2,434,101	2,202,454	2,351,233
Aug. 30	3,223,609	2,736,224	+17.8	2,442,021	2,216,648	2,380,301
Sept 6	3,095,746	2,591,957	+19.4	2,375,852	2,109,985	2,211,398
Sept 13	3,281,290	2,773,177	+18.3	2,532,014	2,279,233	2,338,370
Sept 20	3,232,192	2,769,346	+16.7	2,538,118	2,211,059	2,231,277
Sept 27	3,233,278	2,816,358	+14.8	2,558,538	2,207,942	2,331,415
Oct. 4	3,289,692	2,792,067	+17.8	2,554,290	2,228,586	2,339,384
Oct. 11	3,314,952	2,817,465	+17.7	2,583,366	2,251,089	2,324,750
Oct. 18	3,273,184	2,837,730	+15.3	2,576,331	2,281,328	[illegible]
Oct. 25	------	2,866,827	---	2,622,267	2,283,831	2,297,785
Nov. 1	------	2,882,137	---	2,608,864	2,270,534	2,245,449

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	Percent Change 1941 from 1940	1939	1938	1937
January	13,149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	---------	11,616,238	---	10,185,255	9,170,375	10,035,410
August	---------	11,924,381	---	10,785,902	9,801,770	10,308,884
September	---------	11,484,529	---	10,653,197	9,486,866	9,908,314
October	---------	12,474,727	---	11,289,617	9,844,519	10,065,805
November	---------	12,213,543	---	11,087,866	9,893,195	9,506,495
December	---------	12,842,218	---	11,476,294	10,372,602	9,717,471
Total for yr.		138,653,997		124,502,309	111,557,727	117,141,591

Steel Stocks Being Redistributed — U. S. Navy Under "No Hoarding" Ban — Output At 96%

The "Iron Age" in its issue of Oct. 22 reported that the U. S. Navy Department, one of the last strongholds of those believing that a large inventory of materials, like steel, is necessary for production of such defense items as warships, has finally come under the "no-hoarding" ban of the Office of Production Management.

To hasten the proper distribution of vital materials, the OPM has imposed a 60-day inventory regulation of all Navy yards and shops, so that supplies of steel plates and other critical items cannot be hoarded for use many months ahead while privately-owned plants, defense and non-defense, are short of material.

Other steps being taken to bring out and redistribute stocked defense materials are likely to show that the Navy is not alone in indulging in a wholly (up to now) natural desire to foresee shortages and take the necessary steps to assure continuance of production, whether defense or non-defense. Banks, insurance companies, loan companies and other similar agencies are being used to track down stores of supplies, which, government defense agencies declare, are now vital to the nation's security.

This week it seemed clear that industry in the United States is entering a period of forced compliance with priorities, and of increased allocation of materials where the spread between supply and demand is too wide to permit the effective use of priority ratings.

One of the most drastic steps taken by any government agency in the defense program so far—a step which will curtail production in hundreds of civilian product plants—is the OPM Priorities Division order restricting non-defense industry's use of copper by 40% until the end of this year, and completely prohibiting its use for such purposes after Jan. 1, 1942. The order bans the use of copper in building construction after Nov. 1, 1941.

Meanwhile the steel industry is continuing its week-after-week schedule of near-capacity operations, with ingot production this week estimated by the "Iron Age" at 96%, a one point decline from last week's revised rate of 97.5%. This week, at last, strikes figures in ingot production and the Great Lakes Steel Corp. strike at Detroit slashed the operating rate there to 39% from 74% a week ago. Before this strike, the Detroit steel rate was the highest in the nation at 107.5%.

In the Great Lakes Steel shutdown, as in several other "vital-plant" strikes in the last year, the picture is clouded, beyond the fact that local strike leaders (or so it seems) are again out of control of the national SWOC leaders. 50% of the plant's September shipments were for defense purposes, and half the orders being held up are for defense. Since the strike's beginning, the OPM has been urging the mill to greater speed in supplying material for trucks for Russia. Great Lakes Steel has orders from most of the Army arsenals and has received pleas from several of the arsenals for shipment of material that should have been rolled early this week. The plant is preparing for the production of ship plate, one of the tightest of defense items, and its major contribution to defense at the present time is material for gun carriages, tanks, aircraft, light gage oil containers and military trucks.

The Great Lakes Steel strike may be classified as a "mystery" strike although the possibility that it is one of a series of "feeler" strikes intended to see how much the public will stand in the way of a knockdown fight in steel over the closed shop and dues checkoff can hardly be ignored.

In other steel producing areas, the shortage of scrap was added to strikes as a factor in mill schedules. Lack of scrap has forced curtailment of operations at Bethlehem Steel Co.'s Lackawanna plant at Buffalo and lowered the ingot production rate for that area to 94.5% from 106% last week. Lukens Steel Co., Coatesville, Pa., was forced to lay off an openhearth furnace this week because of lack of scrap but a slight gain at another plant left the ingot rate for the Eastern Pennsylvania district unchanged. An allocation of scrap to a mill in Southern Ohio permitted an increase in steel production there. Slight operating gains are reported at Pittsburgh and Chicago.

The steel industry this week continued to book more tonnage than is being produced or shipped, although the influx of new orders is still below the record-breaking volume of August.

Fabricated structural steel awards rose to 25,500 tons from 23,900 tons last week, the outstanding lettings being 5,000 tons for a Navy air base at Weymouth, Mass.; 3,700 tons for an extension to the Bell Aircraft plant at Niagara Falls, N. Y.; 3,600 tons for the Aluminum Co. of America at Bauxite, Ark., and 3,500 tons for Bonneville-Vancouver transmission towers. New structural steel projects of 32,500 tons compare with 12,800 tons a week ago.

Reinforcing steel awards of 13,250 tons include 3,500 tons at Oklahoma City, Okla., for the Midwest Air Depot, 2,200 tons for a Federal office building in Maryland and 1,400 tons for a drydock at the Brooklyn Navy Yard.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Oct. 21, 1941, 2.30467c a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75836c.	May 2
1932	1.89196c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Oct 21, 1941, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	22.61

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

	High		Low	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	$22.61	Sep 19	$20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 17
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 27
1933	16.90	Dec 5	13.56	Jan 3
1932	14.81	Jan 5	13.56	Dec 6
1931	15.90	Jan 6	14.79	Dec 15
1930	18.21	Jan 7	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Oct. 21, 1941, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.67

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan 7	$19.17	Apr 10
1940	21.83	Dec 30	16.04	Apr 9
1939	22.50	Oct 3	14.08	May 16
1938	15.00	Nov 22	11.00	Jun 7
1937	21.92	Mar 30	12.92	Nov 10
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	Apr 29
1934	13.00	Mar 13	9.50	Sep 25
1933	12.25	Aug 8	6.75	Jan 3
1932	8.50	Jan 12	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 9
1929	17.58	Jan 29	14.08	Dec 3

The American Iron and Steel Institute on Oct. 20 announced that telegraphic reports which it had received indicated that operating rate of steel companies having 91% of the steel capacity of the industry will be 97.8% of capacity for the week beginning Oct. 20, compared with 98.4% one week ago, 96.8% one month ago and 94.9% one year ago. This represents a decrease of 0.6 points or 0.6%, from the preceding week. Weekly indicated rates of steel operations since Oct. 7, 1940, follow:

1940—		1941—					
Oct 7	94.2%	Jan 6	97.2%	Apr 7	99.3%	Jly 21	x96.0%
Oct 14	94.4%	Jan 13	98.5%	Apr 14	98.3%	Jly 28	x97.6%
Oct 21	94.9%	Jan 20	96.5%	Apr 21	96.0%	Aug 4	x96.3%
Oct 28	95.7%	Dec 30	95.9%	Apr 28	94.3%	Aug 11	x95.6%
Nov 4	96.0%	Jan 27	97.1%	May 5	96.8%	Aug 18	x96.2%
Nov 11	96.1%	Feb 3	96.9%	May 12	99.2%	Aug 25	x96.5%
Nov 18	96.6%	Feb 10	97.1%	May 19	99.9%	Sep 2	x96.3%
Nov 25	96.6%	Feb 17	94.6%	May 26	98.6%	Sep 8	96.9%
Dec 2	96.9%	Feb 24	96.3%	Jun 2	99.2%	Sep 15	96.1%
Dec 9	96.0%	Mar 3	97.5%	Jun 9	98.6%	Sep 22	96.8%
Dec 16	96.8%	Mar 10	98.8%	Jun 16	99.0%	Sep 29	96.9%
Dec 23	80.8%	Mar 17	99.4%	Jun 23	99.9%	Oct 6	98.1%
		Mar 24	99.8%	Jun 30	x91.8%	Oct 13	98.4%
		Mar 31	99.2%	Jly 7	x94.9%	Oct 20	97.8%
				Jly 14	x95.2%		

x The revisions in the rates published for previous weeks reflect the recently announced increased capacity of the industry, rated as of June 30, 1941.

"Steel" of Cleveland, in its summary of the iron and steel markets on Oct. 20, stated:

Threatening labor conditions and continued shortage of steelmaking scrap cast their shadows over the steel industry, with possibility of steel production being severely curtailed before the winter is over.

At the moment the Chicago district is the focal point in the labor situation, the short interruption of a week ago, which cost considerable production, being followed by various movements looking toward a closed shop and fraught with dynamite as they develop. Results of the campaign in that district are expected to be followed by similar tactics in other centers. A Detroit producer is strikebound, with two blast furnaces and a dozen open hearths down.

Unsettled strike against a Cleveland builder of automobile frames has caused at least three automobile builders to cease production, much of their output being for defense. Various other labor interruptions are taking place, the aggregate causing a great loss of production.

Currently steelmaking scrap is in an easier position, though the long-range prospect is little changed. Slightly more remote scrap is moving from the West and some material held for expected higher prices is being released. An Eastern steelmaker last week appealed to Washington to avert sharp curtailment in its open-hearth department and orders were given to nearby dealers to move supplies at once. A tonnage from the Philadelphia navy yard was also shipped. The relief is only temporary unless general supply is increased. The scrap industry is moving to meet requirements of the recent priority order, but it is too soon to evaluate its effects on the situation in general. One result will be a better distribution and shipments will be to those most in need. With winter at hand and reserves low, the outlook is dismal unless the current movement is sharply increased.

The next few weeks will determine whether the supply is definitely too low to meet steelmaking demands, as seems probable.

Automobile production last week was the largest in several weeks, indicating the new model season is gaining headway. The week's output was 85,600 units, 6,535 more than 79,065 in the previous period. This compares with 114,672 cars produced in the corresponding week a year ago. Doubt is expressed that this rate can be maintained and it is believed automobile builders will be unable to obtain sufficient steel to produce as many cars as allowed under the reduced schedule allowed by OPM.

Decision by SPAB to allow no construction except for national defense or health and safety of the public has had no direct effect so far though its implications have caused some work to be abandoned. It is understood strict application is not to be made on projects well advanced and these may be completed. Sufficient defense building is in hand to keep structural mills and fabricators busy over an extended period, the former now being crowded to make deliveries in time to meet erection schdules.

Possibility of lend-lease purchase by Great Britain of 200 light locomotives, 20,000 freight cars and 250,000 tons of steel rails for use in Iran to carry war supplies to Russia overhangs the railroad situation. The purchase depends on progress of the campaign in Russia. If consummated it would defer deliveries to American railroads.

Production rebounded 2 points last week to 96½%, the principal factor being resumption at Chicago after labor interruption. The rate there advanced 10½ points to 101%, from a revised rate of 90½% the previous week. Cincinnati gained 6 points to 88% and Cleveland 1 point to 99%. Pittsburgh lost 1 point to 98%, Detroit 8 points to 83 and Wheeling 3 points to 93%. Other centers showed no change from the previous week: Youngstown, 98; New England, 90; Buffalo, 93; Eastern Pennsylvania, 93; Birmingham, 95 and St. Louis 83.

Movement of Lake Superior iron ore already has passed the high mark set in 1929 and unless late weather conditions are bad it seems likely 79,000,000 tons will be moved this year, which would set a mark 14,000,000 tons above the previous record. Great Lakes fleet is 100% active, with 292 ships in the ore trade, this condition obtaining since May 1. This season 17 Canadian ships have aided in ore transport.

Under ceiling price restrictions composite prices necessarily hold unchanged, finished steel at $56.60, iron and steel at $38.15 and steelworks scrap at $19.16.

August Production Of Natural Gasoline Higher

The production of natural gasoline increased in August, 1941, according to reports received by the Bureau of Mines, U. S. Department of the Interior. The daily average in August was 7,640,000 gallons compared with 7,116,000 gallons in July. The most outstanding increase occurred in Louisiana where a large recycle plant was put in operation. Other increases occurred in the Texas Gulf, East Texas, and Panhandle districts. Stocks decreased, amounting to 256,494,000 gallons on Aug. 31, 1941, compared with 265,314,000 gallons on July 31, and 323,484,000 gallons on hand Aug. 31, 1940.

PRODUCTION AND STOCKS OF NATURAL GASOLINE
(In Thousands of Gallons)

	Production				Stocks			
					Aug. 31, 1941		July 31, 1941	
	Aug. 1941	July 1941	Jan.-Aug. 1841	Jan.-Aug. 1940	At Refineries	At Plants & Terminals	At Refineries	At Plants & Terminals
East Coast	----	----	----	----	3,570	----	3,906	----
Appalachian	5,930	5,636	58,516	52,536	588	3,114	504	3,328
Ill., Mich., Kentucky	5,760	5,544	41,093	18,751	7,014	473	8,316	454
Oklahoma	32,597	31,375	249,056	265,936	2,394	36,505	2,898	35,528
Kansas	5,330	5,248	46,803	41,901	84	1,799	126	1,753
Texas	105,255	100,749	744,668	588,745	7,686	100,054	6,384	106,232
Louisiana	20,345	10,454	87,997	73,730	84	2,439	42	2,152
Arkansas	2,908	2,9;5	22,969	20,624	168	332	336	318
Rky. Mount'n	8,921	8,897	66,177	60,710	5,796	2,366	5,712	2,103
California	49,792	49,726	384,225	389,319	80,052	1,976	83,412	1,805
Total	236,838	220,584	1,701,504	1,512,252	107,436	149,058	111,636	153,678
Daily average	7,640	7,116	7,002	6,198	------	------	------	------
Total (thousands of barrels	5,639	5,252	40,512	36,006	2,558	3,549	2,658	3,659
Daily average	182	169	167	148	------	------	------	------

Petroleum And Its Products

The Federal Government will purchase the industry's entire production of 100 octane aviation gasoline on a three-year contract basis as an intermediate step to assure the Army and Navy of needed supplies during the expansion of refining facilities for aviation gasoline currently under way under a plan submitted to a group of industry representatives in Washington by W. W. Gary, refining director of the Office of the Petroleum Coordinator, this Monday. He pointed out that such a move also would benefit the industry since it would guarantee the refiners a long-term market for their product.

The highest possible obtainable priorities for all types of equipment required to make 100 octance aviation gasoline is favored by the Supply, Priorities and Allocations Board, Mr. Gary told the assembled oil men. He pointed out that the joint Army and Navy Munitions Board has approved preference ratings of A-1-A for immediate construction of new plants to expand the present refinery capacity of about 40,000 barrels daily to a minimum of 80,000 barrels daily. Also Mr. Gary added, the Board is willing to consider requests for the remainder of the program, contemplating production of 120,000 barrels daily by 1943 as soon as the first 100% expansion becomes a reality.

Among the oil executives at the meeting were Arthur E. Pew, Sun Oil Co.; T. W. Moore, C. F. Smith and H. G. Burks, Jr., Standard Oil Co. of N. J.; H. W. Field of the Atlantic Refining Co. and representatives from the Continental Oil Co.; Standard Oil of Indiana; Humble Oil & Refining; Magnolia Petroleum; Texas Co.; Island Empire Refinery; Wasatch Oil Refining; Idaho Refining and Standard Oil of California. In addition to the proposed three-year contract the oil men participated in discussions with the Federal officials on ways and means of tripling the 100 octane refining capacity with special attention paid to possible technical improvements.

The developments of a "bottleneck" in petroleum refining capacity was disclosed by Oil Coordinator Ickes at his press conference on October 16 in Washington, and it was pointed out that should a shortage become actual, quick expansion of refining facilities would be necessary to prevent possible nationwide restrictions upon the use of crude and refined products. Plans to meet any possible shortage in refining capacity will be developed after a check has been made within the next 30 days of the extent of the "shortage," he stated. In addition to possible assistance from the Federal Government in the expansion of existing refinery facilities and construction of new plants, the SPAB will be asked to set priorities up for the needed materials both for industry and Government expansion plans.

High priority ratings have been granted for the construction of seven new plants for production either of 100 octane aviation gasoline or of the base stock and blending agents used in making this fuel, the Oil Coordinator announced at the meeting. This move, he declared, opens the way for final, rapid consideration of plants to triple the country's refinery capacity of about 40,000 barrels daily of 100 octane aviation gasoline. Ratings for the seven plants increases to 15 the total of aviation gasoline plants now building or under discussion. Mr. Ickes also disclosed that rail tank car movements in the East continue to rise.

As 15 United States tankers were reported returned to this country by the British, for an indefinite period, uncertainty as to what use the tankers, which go under the authority of Petroleum Coordinator Ickes, would be put to was felt in oil circles. Prior to the public reports of the tankers' return, James A. Moffett, Chairman of the Board, California-Texas Co., continued his attacks upon the policy of Coordinator Ickes' on tanks. Mr. Moffett charged again that the British had many more American tankers which they were able to and willing to return to this country as a result of more efficient operation of their tanker fleet. "They should be returned and the Maritime Commission given full authority to allocate the tankers where needed," Mr. Moffett stated.

E. O. Thompson, Chairman of the Texas Railroad Commission, in opposition to his two colleagues on the control agency, declared at the proration meeting of the Commission in Austin Monday that Texas produces all the crude oil possible without physical waste. Mr. Thompson pointed out that production should be increased at least 100,000 barrels to take up the slack caused by the failure of Oklahoma to come close to its Bureau of Mines market demand estimate. "In time of emergency, oil is the first line of defense," he said. "It is dereliction for oil production in Texas if they do not produce as much crude oil as they can without waste. Currently, oil stocks above ground have been reduced about 19 million barrels below the safety point. To hold down production in the hope of boosting the price of oil would be un-American." The November market demand for Texas of the Bureau of Mines was 1,454,700 barrels, up 34,600 barrels while nominations during November were filed at 1,892.039 barrels daily.

The pertoleum industry must drill 30,000 oil producing wells during 1942, R. E. Allen, director of production of the Oil Coordinator's Office, told members of the Interstate Oil Compact Commission at their regular quarterly meeting in Fort Worth last week. "This goal must be attained," he continued, "with a reduced use of steel and metal products of all kinds. Leaders in the defense program have come

(Continued on page 729)

Weekly Coal And Coke Production Statistics

The current coal report of the Bituminous Coal Division, U. S. Department of the Interior, stated that production of bituminous coal showed little change in the week ended Oct. 11. The total output is estimated at 11,150,000 net tons as against 11,125,000 tons in the preceding week. Production in the corresponding week of 1940 amounted to 8,346,000 tons.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended Oct. 11 was estimated at 1,281,000 tons, an increase of 232,000 tons over the preceding week. Output in the corresponding week of 1940 amounted to 912,000 tons.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN THOUSANDS OF NET TONS

	Week Ended			Calendar Year to Date c		
Bituminous coal a	Oct. 11 1941	Oct. 4 1941	Oct. 12 1940	1941b	1940	1929
Total, including mine fuel	11,150	11,125	8,346	382,737	348,205	412,049
Daily average	1,858	1,854	1,391	1,603	1,442	1,698

a Includes for purposes of historical comparison and statistical convenience the production of lignite. b Subject to current adjustment. c Sum of 41 weeks ended Oct. 11, 1941, and corresponding 41 weeks of 1940 and 1929.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (IN NET TONS)

	Week Ended			Calendar Year to Date		
	Oct. 11 1941	Oct. 4 1941	Oct. 12 1940	1941	1940 a	1929 a
Penn. Anthracite—						
Total, incl. colliery fuel b	1,281,000	1,049,000	912,000	42,952,000	39,264,000	55,735,000
Comm'l production c	1,217,000	997,000	866,000	40,810,000	37,301,000	51,722,000
Beehive Coke—						
U. S. Total	124,800	129,700	81,100	4,768,500	1,894,000	5,349,300
Daily average	20,800	21,617	13,517	19,623	7,794	22,014

(a) Adjusted to comparable periods in the three years. (b) Includes washery and dredge coal, and coal shipped by truck from authorized operations. (c) Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Oct. average
State:	Oct. 4, 1941	Sept. 27, 1941	Oct. 5, 1940	Oct. 7, 1939	Oct. 5, 1929	1923 e
Alaska	4	3	4	3	(f)	(f)
Alabama	356	357	294	282	346	398
Arkansas and Oklahoma	104	87	85	84	135	88
Colorado	165	170	133	157	237	217
Georgia and North Carolina	1	1	*	*	(f)	(f)
Illinois	1,033	944	943	1,230	1,319	1,558
Indiana	478	479	354	387	391	520
Iowa	41	50	51	79	93	116
Kansas and Missouri	142	150	142	155	155	161
Kentucky—Eastern	956	970	742	954	1,004	764
Western	215	207	152	209	332	233
Maryland	36	36	25	36	53	35
Michigan	8	7	8	12	16	28
Montana	90	82	64	82	91	82
New Mexico	20	19	17	24	51	58
North and South Dakota	65	54	54	75	(f) 68	(f) 36
Ohio	748	708	396	517	545	817
Pennsylvania bituminous	2,711	2,676	2,332	2,504	2,876	3,149
Tennessee	145	146	100	132	110	118
Texas	8	9	10	15	20	26
Utah	106	104	91	107	134	121
Virginia	396	394	289	365	262	231
Washington	47	44	32	36	55	68
West Virginia—Southern a	2,227	2,250	1,763	2,175	2,102	1,488
Northern b	859	847	546	689	744	805
Wyoming	163	156	132	151	168	184
Other Western States c	1	*	2	*	(f) 7	(f) 4
Total bituminous coal	11,125	10,950	8,761	10,460	11,314	11,310
Pennsylvania anthracite d	1,049	1,151	735	1,262	1,862	1,968
Total, all coal	12,174	12,101	9,496	11,722	13,176	13,278

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. b Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. c Includes Arizona, California, Idaho, Nevada, and Oregon. d Data for Pennsylvania anthracite from published records of the Bureau of Mines. e Average weekly rate for entire month. f Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." * Less than 1,000 tons.

ESTIMATED PRODUCTION OF COAL, BY STATES, IN AUGUST, WITH TOTAL OUTPUT FOR FIRST EIGHT MONTHS OF 1941, 1940, AND 1937,
(In Thousands of Net Tons)

(Figures are preliminary estimates based on railroad carloadings and river shipments of coal and beehive coke, supplemented by direct reports from a number of mining companies, local coal operators' associations, and detailed monthly production statistics compiled by the State Mine Departments of Colorado, Illinois, Pennsylvania, Washington, and West Virginia. In making the estimates, allowance is made for commercial truck shipments, local sales, and colliery fuel, and for small trucking mines producing over 1,000 tons a year.

The estimates here given are based upon the latest information available, and differ in some cases from the current figures previously published in the Weekly Coal Report.)

State	August, 1941		July, 1941	Aug., 1940	Calendar year to the end of August		
	Net tons	% of total			1941	1940	1937
Alaska	12	.03	16	12	115	92	84
Alabama	1,438	3.12	1,380	1,258	9,903	10,052	8,027
Arkansas and Oklahoma	388	.84	185	325	1,788	1,754	1,570
Colorado	486	1.06	446	453	4,034	3,837	4,314
Georgia and N. Car.	3	.01	3	1	25	20	5
Illinois	4,545	9.87	4,520	3,856	33,734	31,378	31,647
Indiana	1,897	4.12	1,674	1,503	13,751	11,819	10,970
Iowa	148	.32	140	207	1,501	1,818	2,142
Kansas and Missouri	607	1.32	510	491	4,706	4,207	4,257
Kentucky:							
Eastern	3,900	8.47	3,832	3,610	26,087	27,016	24,916
Western	900	1.96	842	682	7,797	5,699	5,219
Maryland	156	.34	150	114	1,092	981	1,008
Michigan	28	.06	8	33	235	275	323
Montana	258	.56	238	225	1,944	1,780	1,743
New Mexico	84	.18	90	72	743	706	1,173
North and So. Dakota	105	.23	87	96	1,217	1,131	1,206
Ohio	2,774	6.03	2,625	1,987	17,801	14,825	16,435
Pennsylvania bituminous	11,442	24.86	10,840	9,865	77,739	71,678	76,298
Tennessee	598	1.30	585	497	4,222	4,093	3,351
Texas	31	.07	30	47	248	499	578
Utah	382	.83	238	332	2,238	1,954	2,305
Virginia	1,675	3.64	1,640	1,310	11,173	10,005	8,870
Washington	149	.32	120	130	1,146	1,021	1,304
West Virginia:							
Southern (a)	9,896	21.50	9,513	8,711	64,412	63,864	59,750
Northern (b)	3,596	7.81	3,320	2,760	23,492	20,590	19,809
Wyoming	525	1.14	465	433	3,766	3,386	3,564
Other West. States (c)	3	.01	3	*	19	6	9
Total bituminous coal	46,026	100.00	43,500	39,010	314,928	294,483	290,877
Penn. antharcite (d)	5,246	--	4,681	3,883	35,878	34,144	34,128
Total, All Coal	51,272	--	48,181	42,893	350,806	328,627	325,005

(a) Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. (b) Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. (c) Includes Arizona, California, Idaho, Nevada, and Oregon. (d) Data for Pennsylvania anthracite from published records of the Bureau of Mines. * Less than 1,000 tons.

THE FINANCIAL SITUATION

(Continued from first page)

ings and exactly the same deleterious effect upon industry as monopoly anywhere else in the economic structure. To say that such competition as now exists between the two factions among the unions seems, as it were, to work in reverse, that is to say is a competition not so much for jobs as for power and "benefits" for membership, is not to offer any helpful suggestion concerning the threatening labor monopoly in the United States. It is poor comfort to be assured that sooner or later we shall be rid of this type of competition and reach a basis of full monopoly, where one organization or group of closely affiliated organizations controls virtually all the labor supply in the country. Such helpful competition as we have heretofore had has been a result partly of the fact that large numbers of wage earners belonged to no union, partly of the difficulty the unions have experienced in holding their memberships, and partly of inability on the part of the unions to hold all their membership fully to the rules and regulations theoretically imposed upon it.

It has from the first been the definite policy of the Administration—a policy which it has made remarkably effective—to cajole, persuade or compel virtually full organization of all wage earners in the country. It has done everything in its power toward this end, including the most biased, and in many respects the most unjust legislation (the National Labor Relations Act) ever to disgrace the statute books of the nation. More recently it has become clear that it was willing if not quite ready to permit the urgency of the defense program to be used to give further impetus to the effort long under way to establish the closed shop throughout industry. Once all, or virtually all, wage earners are members of unions, and once, in addition, union officials have no longer to worry about maintaining their memberships by reason of closed shop conditions, with or without the so-called check-off or some of its half-equivalents now being brought forward, the door to competition will be closed. The situation in this respect will not be relieved when all the unions are under one management, or something more or less to that effect.

The average man has little idea how nearly we have approached such a point even at this time. He reads of "sit-down" strikes, picket lines supported by violence, and more of the same order, and he is likely to suppose that the situation would be largely remedied were the ordinary law of the land enforced fairly and fully. In this, however, he is not wholly correct. It is true of course, that the first duty of government is to put an end to such clearly unwarranted and unlawful behavior. It is further true that in some instances at least a great deal of immediately practical importance would be achieved in this way. The fact remains, however, that class consciousness has been so enthroned in Washington and so instilled into the minds of the American wage-earners that even what passes as peaceful picketing (which is not always quite wholly that) is often not very far from being as effective as any other kind. It is by no means generally realized how widespread and how deeply the notion exists today that it is a sort of disgrace to pass through a picket line whether or not the transgressor is in even a remote way concerned with the controversy which occasions the strike or lockout, or, for that matter, even whether he knows what that controversy is or who is involved in it. Refusal to cross a picket line is fast becoming a part of what the philosopher terms the mores and folkways of the time. Carry all this but a little further, and we shall have something very closely approaching a monopoly, for all practical purposes, in the field of labor without more ado.

Let it be carefully observed that here is a situation which is not an outgrowth merely of law. Certain statutes, like the National Labor Relations Act, which place special restrictions upon employers in their dealing with their employes, and other legislation which, as interpreted by the courts, leaves labor virtually free of restraint under the anti-trust laws, without question are very potent factors in the current state of affairs, but the very existence of such laws is to be traced to the class consciousness which has been so sedulously and successfully fostered in this country for years past, and, moreover, this state of mind, this increasingly widespread conviction, that almost wholly unrestrained collective bargaining is an unmixed blessing, almost sacrosanct in its innermost quality, this tendency to assume that any employer who finds himself in any controversy with labor is ipso facto to be condemned and the unions supported, is reaching a point where it alone is almost enough to foist a labor monopoly upon us. Indeed, this "class consciousness," in conjunction with the laws it has generated, already appears to be doing so.

The time has come when the American people would do well to take closely to heart the question as to whether it is wise to permit, much less encourage, the growth of this monopoly. Nothing less than such a re-appraisal of the situation and a firm conclusion that something needs to be done in the premises is likely to afford real relief, not merely in connection with the defense program, but as regards the normal course of industry and trade upon which we all must depend for such of the abundant life as we are able to achieve in these or any other times. Let no one suppose that the erection of special machinery to "settle" disputes, or dealing in any other way with the situation, will provide anything more than a make-shift expedient. The history of railroad unionism in this country should be evidence enough that such a supposition would be naive indeed. We should be about as foolish to suppose that concurrent evolvement of a monopoly and of government agencies to control it would solve the problem. Can any one imagine a government agency so divorced from politics as to be able to "regulate" labor unions? If any such man could be found, he would still lack imagination enough to conceive of such an agency continuing effective in perpetuity.

The simple truth of the matter is that monopoly, no matter where found, whether among producers, distributors, or labor, is an unwholesome factor, always, indeed, a dangerous condition. We have the so-called natural monopolies such as the utilities, branches where often anything in the nature of full competition is unattainable except at prohibitive cost and confusion, and we have felt it necessary to regulate them for the protection of the consumer. We have from the start made more or less of a mess of such regulation, and in recent years made a "ghastly jest" of it. In other branches, experience has taught that it is advisable, not to say essential, that competition be kept alive and vigorous. It is true that the present Administration has at times toyed with the idea, to say the least, of eliminating competition in substantial part and placing such enterprises under rigorous control, but it has never had the hardihood to go very far in actual practice in this direction, and it is well that it has not. It has done what it could to reduce competition among the farmers of the nation, and the results certainly do not warrant any extension of such a system.

It is true, of course, that labor unionism has accomplished substantial good in some directions along with the evils that the movement has brought with it. It probably is true that were unions wholly abolished, wage earners in many instances would again presently be subjected to abuse and exploitation. Obviously, however, another monopoly, controlled or uncontrolled, does not offer any sound solution of the problem, and the first lesson to be learned in any effort to find a solution for it is that simple fact. To admit that there is no other or better solution is to concede by implication at least much of the teachings of Karl Marx.

United States and Argentina Sign Reciprocal Trade Agreement on Oct. 14

A reciprocal trade agreement between the United States and Argentina was signed in Buenos Aires on Oct. 14 by American Ambassador Norman Armour and Argentine Foreign Minister Enrique Ruiz Guinazu. The pact, which is the first commercial treaty concluded between the two countries since 1853, was hailed by both Argentine and American officials as an important step in the program of solidarity in the Western Hemisphere.

President Roosevelt, in commenting on the agreement, had the following to say in a message to Dr. Ramon Castillo, Vice President of Argentina:

> In the years to come we shall look back upon the trade agreement signed today as a monument to the ways of peace, standing in sharp and proud relief upon a desolate plain of war and destruction.
>
> United as we are under Divine guidance in the defense of our precious heritage in this hemisphere, we have today forged a new link in the chain of friendship, peace and good neighborliness which happily binds our two nations together.

Secretary of State Hull and the Argentine Foreign Minister Ruiz Guinazu exchanged messages of felicitation on the signing of the agreement.

Mr. Ruiz Guinazu's message to Mr. Hull said:

> The trade agreement which we have signed today with Ambassador Armour between our two countries is the happy realization of a policy of good understanding particularly pleasing to this government. The results achieved with such a cordial spirit of collaboration and common good-will assure for this agreement the most gratifying prospects for development of trade and the ever cordial relations between Argentina and the United States.

Secretary Hull's message read:

> On the occasion of the signing of the trade agreement between Argentina and the United States of America it gives me great pleasure to convey to your Excellency my heartiest congratulations. This act, I feel sure, will prove to be of great and permanent value to both countries.
>
> I feel that it should be a source of gratification to us both to feel that in these critical days through which the world is passing Argentina and the United States have demonstrated that through mutual good-will and cooperation, they have been able to find a common ground of understanding in working out their economic problems.

The agreement, which is the twelfth of its kind to be signed between this Government and a Latin-American republic, will take effect provisionally on Nov. 15 and will remain in force at least three years.

As a result of the agreement, the United Press said, American exporters of numerous products will benefit from duty reductions and assurances against duty increases, Argentine exports to the United States will be increased, and it was expected that the purchasing power obtained in that way would be used to a large extent in the purchase of American goods. United Press advices Oct. 14 further stated:

> Benefits to United States exports are in reductions or guarantees against increases in Argentine customs duties on a list of 127 tariff items covering products which last year accounted for about 30% of the total American exports to Argentina.
>
> Among concessions are those benefiting American exports to Argentina of fresh apples, pears, grapes, raisins, prunes, tobacco, motor vehicles and parts, automatic refrigerators, certain items of electrical machinery and apparatus, agricultural and industrial machinery, office appliances and forest products.
>
> On the other hand, Argentina is granted reductions in duties or guarantees of continuance of existing tariffs on a list of 84 items covering products which in 1938 and 1939 accounted for about 93% of the total United States imports from Argentina and in 1940 accounted for about 75% of American imports from that country.
>
> The principal concessions to Argentina include tariff reductions on flaxseed, canned corned beef, coarse wools, quebracho extract (used in tanning leather), casein, tallow, oleo oil and oleo stearin, cattle hides, Italian-type cheeses, and binding on the free list of a considerable number of products including furs and skins and various animal by-products.

Principal criticism of the new trade pact was voiced by Republican Representatives from the farm States which claimed that the new treaty was a blow to American agriculture.

At Denver, Colo. on Oct. 15 officials of the American National Live Stock Association, representing stockmen in 17 Western States voiced opposition to the treaty, characterizing it as a Governmental "abuse of power." This is learned from United Press accounts from Denver from which we also quote:

> J. Elmer Brock, President of the association, said at Kaycee, Wyo., that the treaty is "a betrayal of our industry at a time when the country is calling on it for an extra effort for an adequate domestic meat supply." He continued:
>
> "I am unable to reconcile this with Secretary of Agriculture Claude Wickard's urge for a heavier marketing of cattle to ward off a domestic cattle surplus. If we are to follow the silly procedure of buying Argentine good will, it should be paid for by the nation as a whole and not by the cattle industry."

In a statement issued in New York on Oct. 15 the National Foreign Trade Council indicated approval of the signing of the treaty, saying in part:

> Successful conclusion of the negotiations was made possible only because of a mutual willingness of both the United States and Argentina to make concessions. It is this spirit of

collaboration even more than the written words of the agreement itself that promises so much for the long-term improvement in Argentine-United States commerce.

The intention of the United States to reopen negotiations with Argentina for a reciprocal trade agreement was reported in our issue of May 24, page 3277. Previous negotiations were halted on Jan. 8, 1940, due it was said "to the insistence of the American Government on limitations on Argentine exports to this country, such as linseed and canned beef, and the inability of the Buenos Aires Government to accede to customs quotas on these products."

The ending of negotiations last year was reported in these columns Jan. 13, 1940, page 211.

Petroleum And Its Products

(Continued from page 727)

to the recognition of the vital importance of the oil industry and its products in the defense program. But this does not change the fact that there is only so much steel available and the industry must make the best use of it." E. De Golyer, Chairman of the Commission's Engineer Committee, charged that oil was being consumed faster than it was being found.

The industry faces the highest consumption in its history as a result of current world and domestic conditions, Dr. A. G. White, Chief of the Bureau of Petroleum Economics, told the Compact group. Mr. White stated that crude oil demand would rise from 6 to 7% during 1942 as an average for the year, adding that unforeseen factors might raise the rate of increase even higher than his figures, depending upon the national defense program. He foresaw the possibility of naval consumption doubling its 1941 figure of 16,000,000 barrels next year. The Compact group refused a resolution demanding that Coordinator Ickes make a statement of the exact functions of his office and their range in the oil industry, and asking assurance that when the national defense emergency should pass the Office of Federal Petroleum Coordinator also would cease.

Daily average production of crude oil in the United States during the week ended Oct. 18 was up 39,600 barrels from the previous week to 4,110,550 barrels, according to the midweek report of the American Petroleum Institute. This compared with the Bureau of Mines' estimate for October of 4,012,900 barrels.

Sharp gains in Kansas and Illinois and lesser increases in Texas and Louisiana offset lower production totals in other oil-producing States. A slump of 2,573,000 barrels of inventories of domestic and foreign crude oil during the Oct. 11 week carried the total off to 243,571,000 barrels, the Bureau of Mines reported on Oct. 17. United States crude holdings dropped 2,528,000 barrels, with imported crude stocks down 45,000 barrels.

Representative W. P. Cole, of Maryland, prominent in Congressional probes of the petroleum industry in recent years, will be one of six speakers at the general sessions of the American Petroleum Institute at its 22nd annual meeting scheduled for Nov. 3 to 7 in the Palace and St. Francis Hotels in San Francisco. Petroleum Coordinator Ickes and his assistant, Ralph K. Davies as well as W. R. Boyd, Jr., Vice-President of the Institute, and Commander T. D. Galbraith, of the British Supply Council also are scheduled to talk.

Price changes follow:

Oct. 16—Standard of Louisiana advanced Caddo crude oil prices 2 cents a barrel, effective Oct. 15, to a new top of $1.20 a barrel for 40 gravity and above as it adjusted prices in line with those ruling for Rodessa crude oil.

Refined Products

Definite improvement in the inventory status of light fuel oils on the East Coast has resulted from the effective action taken by the Office of Petroleum Coordination, Coordinator Ickes announced in Washington this week. Despite this improvement, however, he said on Oct. 16, over-all supplies of petroleum and its principal products in the East Coast area continue to show a deficit with both gasoline and heavy fuel oil inventories under

(Continued on page 731)

Bond Prices Steady

The new long-term Treasury 2½s, 1967-72, closed at 102 31/32 on Monday, their first trading day on the Exchange. The yield of 2.35% compares with an average yield of 1.90% for the five partially tax-exempt issues classified as long term now outstanding. Secretary Morgenthau has indicated that he will announce shortly the Treasury's position as to the "rights" accorded holders of maturing obligations in subscribing for new issues. Corporate issues have been very quiet with almost no fluctuations this week.

High-grade railroad bonds have been showing an improving tendency but in many instances prices closed fractionally below last week. Atchison, Topeka & Santa Fe gen. 4s, 1995, at 109 were unchanged. Medium-grade rail issues have picked up fractions but not enough to show net gains for the period under review. Reading 4½s, 1997, at 78⅝ were 1⅛ lower. Speculative rail bonds gave a favorable interpretation to the President's Wage Fact Finding Board's proposal to arbitrate or mediate the rail wage dispute. Issues in this category for the most part have been actively higher. Atlantic Coast Line 4½s, 1964, at 63⅛ were up 1⅝; Delaware & Hudson 4s, 1943, gained ⅞ point at 54⅞. Defaulted rail issues have moved higher with interest centering on Wabash and St. Louis Southwestern issues.

Low-grade utility bonds have declined, losses among such issues as Associated Electric 4½s, 1953, Georgia Power & Light 5s, 1978, Indiana Service 5s, 1950, and Standard Gas & Electric 6s, 1957, ranging from one to four points. High grades have been firm with considerable activity in American Telephone & Telegraph conv. 3s, 1956 following distribution of that portion of bonds unsubscribed for by stockholders.

The trend has been generally downward in the industrial section of the list, but betterment toward the close of the week resulted in net gains in some instances. These have been primarily in lower-grade and speculative issues such as Paramount Pictures 3¼s, 1947, and Francisco Sugar 6s, 1956. Steels and oils have shown mixed fractional changes, but the Continental Oil conv. 2¾s, 1948, lost 1¾ points at 102¾. Other issues to lose a point or more were the Celanese Corporation 3s, 1955, and Libby, McNeill & Libby 4s, 1955. The Childs Company 5s, 1943, displayed weakness toward the close for a net loss of 1⅜ points at 43⅞.

In the foreign list there has been some improvement in Japanese bonds among which the Great Consolidated Electric Power 6½s scored a gain of 20 points. Canadian loans have rallied several points but Australian have continued soft. Cuba 4½s were firm, while the balance of the Latin American group have continued mixed. Belgian bonds have been weak while Danish and Norwegian issues have eased off fractionally.

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1941 Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus.
Oct. 21	119.29	107.98	118.40	115.63	109.24	91.77	97.31	112.00	116.02
20	119.25	107.98	118.40	115.43	109.24	91.91	97.31	112.00	116.02
18	119.23	107.98	118.40	115.43	109.06	91.77	97.16	112.60	116.02
17	119.23	107.98	118.40	115.43	109.06	91.77	97.00	112.00	116.02
16	119.23	107.98	118.40	115.43	109.06	91.77	97.16	112.00	116.02
15	119.18	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.22
14	119.18	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.02
13	STOCK EXCHANGE CLOSED								
11	119.16	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.02
10	119.16	107.98	118.20	115.24	109.06	91.91	97.16	112.00	116.02
9	119.16	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.22
8	119.13	108.16	118.40	115.43	109.24	92.20	97.31	112.19	116.22
7	119.15	108.16	118.40	115.43	109.24	92.20	97.31	112.19	116.22
6	119.13	107.98	118.40	115.24	109.06	92.20	97.31	112.00	116.02
4	119.17	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.02
3	119.21	107.98	118.40	115.43	109.06	91.77	97.00	112.00	116.02
2	119.17	107.80	118.20	115.43	109.06	91.62	97.00	112.00	115.82
1	119.11	107.80	118.20	115.24	108.88	91.62	96.85	112.00	115.82
Sept 24	118.95	107.44	118.00	114.85	108.70	91.19	96.69	111.81	115.43
17	118.82	107.62	118.20	114.66	108.70	91.48	96.69	111.62	115.43
12	119.02	107.62	118.00	114.66	108.70	91.62	97.00	111.81	115.24
5	119.13	107.80	118.20	114.85	108.88	95.06	97.31	112.00	115.24
Aug. 29	119.14	107.80	118.40	114.85	108.88	91.77	97.16	111.81	115.43
22	118.78	107.62	118.00	114.66	108.70	91.77	97.16	112.00	115.04
15	118.90	107.80	118.00	115.04	108.70	91.91	97.31	112.00	115.04
8	119.20	107.98	118.20	115.24	108.70	92.20	97.47	112.00	115.24
1	119.56	107.80	118.20	115.24	108.52	92.06	97.47	112.00	115.24
July 25	119.55	107.80	118.00	115.24	108.52	92.06	97.47	112.00	115.04
18	119.47	107.62	118.20	115.04	108.34	91.91	97.46	112.00	115.04
11	119.46	107.62	118.20	115.04	108.16	91.91	97.16	111.81	115.04
3	119.55	107.44	118.00	114.66	107.98	91.77	97.00	111.62	114.85
June 27	119.45	107.44	118.00	114.66	107.80	91.77	97.16	114.44	114.66
20	119.02	107.09	117.80	114.46	107.62	91.48	97.00	111.44	114.27
13	118.97	106.92	117.60	114.08	107.44	91.48	97.00	111.25	113.89
6	118.81	106.74	117.20	113.70	107.27	91.19	96.69	110.88	113.31
May 29	118.71	106.39	116.61	113.31	107.09	91.05	96.69	110.70	112.75
23	118.35	106.39	116.80	113.50	106.92	91.19	96.69	110.70	112.93
16	118.52	106.39	116.61	113.31	106.92	91.34	96.85	110.52	112.75
9	118.45	106.56	116.80	113.12	106.92	91.62	97.00	110.52	112.93
2	118.66	106.39	117.00	112.93	106.74	91.34	96.85	110.52	112.75
Apr. 25	118.62	106.21	116.61	112.75	106.56	91.19	96.69	110.34	112.19
18	118.28	105.86	116.41	112.56	106.39	90.91	96.54	110.15	112.00
10	117.36	105.69	116.41	112.19	106.21	90.77	96.54	109.79	111.81
4	117.55	106.04	116.80	112.37	106.21	91.48	97.00	109.97	112.19
Mar. 28	117.80	105.86	116.41	112.19	106.04	91.05	96.54	109.79	111.81
21	117.85	106.21	117.00	112.93	106.56	90.77	96.54	110.15	112.75
14	117.77	106.21	117.40	113.31	106.56	90.48	96.54	109.97	113.31
7	116.90	106.04	117.40	113.31	106.39	90.20	96.23	109.97	113.12
Feb. 28	116.93	105.86	117.20	112.93	106.21	89.78	95.92	109.79	112.75
21	116.06	105.52	117.00	112.75	106.04	89.52	95.62	109.60	112.75
14	116.24	105.86	117.60	113.12	106.21	89.64	95.92	109.60	113.12
7	116.52	106.21	117.80	113.31	106.39	90.20	95.54	103.79	113.31
Jan. 31	117.14	106.39	118.00	113.70	106.39	90.48	96.85	109.79	113.70
24	117.64	106.56	117.60	113.89	106.56	90.77	97.16	109.97	113.50
17	118.06	106.56	118.20	113.89	106.56	90.48	96.69	110.15	113.89
10	118.03	106.56	118.20	114.27	106.56	90.34	96.69	110.15	114.08
3	118.65	106.39	118.40	114.46	106.39	89.78	95.92	110.15	114.46
High 1941	119.62	108.16	118.60	115.63	109.24	92.35	97.62	112.19	116.22
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
High 1940	119.63	106.74	119.00	115.04	106.74	89.92	96.07	110.88	114.85
Low 1940	113.02	99.04	112.19	109.60	99.52	79.37	86.38	105.52	106.56
1 Yr. Ago									
Oct. 21, 1940	116.84	105.00	117.40	113.12	104.66	88.27	94.12	109.97	112.37
2 Yrs. Ago									
Oct. 21, 1940	112.96	99.36	111.25	107.62	97.62	84.17	89.09	103.64	106.39

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1941 Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Oct. 21	3.28	2.73	2.87	3.21	4.29	3.92	3.06	2.85
20	3.28	2.73	2.88	3.21	4.28	3.92	3.06	2.85
18	3.28	2.73	2.88	3.22	4.29	3.93	3.06	2.85
17	3.28	2.73	2.88	3.22	4.29	3.94	3.06	2.85
16	3.28	2.73	2.88	3.22	4.29	3.93	3.06	2.85
15	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.84
14	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.85
13	STOCK EXCHANGE CLOSED							
11	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.85
10	3.28	2.74	2.89	3.22	4.28	3.93	3.06	2.85
9	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.84
8	3.27	2.73	2.88	3.21	4.26	3.92	3.05	2.84
7	3.27	2.73	2.88	3.21	4.26	3.92	3.05	2.84
6	3.28	2.73	2.89	3.22	4.26	3.92	3.06	2.85
4	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.85
3	3.28	2.73	2.88	3.22	4.29	3.94	3.06	2.85
2	3.29	2.74	2.88	3.22	4.30	3.94	3.06	2.86
1	3.29	2.74	2.89	3.23	4.30	3.95	3.06	2.86
Sept 24	3.31	2.75	2.91	3.24	4.33	3.96	3.07	2.88
17	3.30	2.74	2.92	3.24	4.31	3.96	3.08	2.88
12	3.30	2.75	2.92	3.24	4.30	3.94	3.07	2.89
5	3.29	2.74	2.91	3.23	4.27	3.92	3.06	2.89
Aug. 29	3.29	2.73	2.91	3.23	4.29	3.93	3.06	2.88
22	3.30	2.75	2.92	3.24	4.29	3.93	3.06	2.90
15	3.29	2.75	2.90	3.24	4.28	3.92	3.06	2.90
8	3.28	2.74	2.89	3.24	4.26	3.91	3.06	2.89
1	3.29	2.74	2.89	3.25	4.27	3.91	3.06	2.89
July 25	3.29	2.75	2.89	3.25	4.27	3.91	3.06	2.90
18	3.30	2.74	2.90	3.26	4.28	3.93	3.06	2.90
11	3.30	2.74	2.90	3.27	4.28	3.93	3.07	2.90
3	3.31	2.75	2.92	3.28	4.29	3.94	3.08	2.91
June 27	3.31	2.75	2.92	3.29	4.29	3.93	3.09	2.92
20	3.33	2.76	2.93	3.30	4.31	3.94	3.09	2.94
13	3.34	2.77	2.95	3.31	4.31	3.94	3.10	2.96
6	3.35	2.79	2.97	3.32	4.33	3.96	3.12	2.99
May 29	3.37	2.82	2.99	3.33	4.34	3.96	3.13	3.02
23	3.37	2.81	2.98	3.34	4.33	3.96	3.13	3.01
16	3.37	2.82	2.99	3.34	4.32	3.95	3.14	3.02
9	3.36	2.81	3.00	3.34	4.30	3.94	3.14	3.01
2	3.37	2.80	3.01	3.35	4.32	3.95	3.14	3.02
Apr. 25	3.38	2.82	3.02	3.36	4.33	3.96	3.15	3.06
18	3.40	2.83	3.03	3.37	4.35	3.97	3.16	3.06
10	3.41	2.83	3.05	3.38	4.36	3.97	3.18	3.07
4	3.39	2.81	3.04	3.38	4.31	3.94	3.17	3.05
Mar. 28	3.40	2.83	3.05	3.39	4.34	3.97	3.18	3.07
21	3.38	2.80	3.01	3.36	4.36	3.97	3.46	3.02
14	3.38	2.78	2.99	3.36	4.38	3.97	3.17	2.99
7	3.39	2.78	2.99	3.37	4.40	3.99	3.17	3.00
Feb. 28	3.40	2.79	3.01	3.38	4.43	4.01	3.18	3.02
21	3.42	2.80	3.02	3.39	4.45	4.03	3.19	3.02
14	3.40	2.77	3.00	3.38	4.44	4.01	3.19	3.00
7	3.38	2.76	2.99	3.37	4.40	3.97	3.18	2.99
Jan. 31	3.37	2.75	2.97	3.37	4.37	3.95	3.18	2.97
24	3.36	2.77	2.96	3.36	4.36	3.93	3.17	2.98
17	3.36	2.74	2.96	3.36	4.38	3.96	3.16	2.96
10	3.36	2.74	2.94	3.36	4.39	3.96	3.16	2.95
3	3.37	2.73	2.93	3.37	4.43	4.01	3.16	2.93
High 1941	3.42	2.84	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.27	2.72	2.87	3.21	4.25	3.90	3.05	2.84
High 1940	3.81	3.06	3.19	3.78	5.24	4.68	3.42	3.36
Low 1940	3.35	2.70	2.90	3.35	4.42	4.00	3.12	2.91
1 Year Ago—								
Oct. 21, 1940	3.45	2.78	3.00	3.47	4.54	4.13	3.17	3.04
2 Years Ago—								
Oct. 21, 1939	3.79	3.10	3.30	3.90	4.85	4.48	3.53	3.37

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Fertilizer Association Commodity Price Index Recedes Under Weight Of Reduced Farm Prices

The weekly wholesale commodity price index compiled by The National Fertilizer Association declined for the second consecutive week, according to an announcement issued Oct. 20. Due to the drop in agricultural raw materials, this index in the week ended Oct. 18, 1941 dropped to 115.5 from 116.8 in the preceding week. A month ago the index was 116.8 and a year ago 97.8, based on the 1935-1939 average as 100.

The sharp decline in the farm products price index was mainly responsible for the downturn in the all-commodity index; grains dropped to the May level, and cotton and livestock quotations were likewise distinctly lower. The textile index again declined as the marked recession in the price of raw cotton combined with lower cotton yarn quotations more than counterbalanced rises in gingham, woolen yarn, and hemp. The price of linseed oil was down, resulting in a very slight decline in the building material average. The index representing the prices of miscellaneous commodities was moderately lower, with rubber, cottonseed meal, cattle feed, and lubricating oil quotations all moving downward. Although more items included in the food group declined than advanced, the food price index was slightly higher. This was the net result of increases in several of the more important commodities. The metal price index was higher due to an upturn in zinc. Other group indexes to advance fractionally last week were chemicals and drugs, fertilizer materials, fertilizers, and farm machinery. The only group average to remain unchanged was the fuel price index.

During the week 36 price series included in the index declined and 21 advanced; in the preceding week there were 30 declines and 12 advances; in the second preceding week there were 16 declines and 22 advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	GROUP	Latest Week Oct. 18 1941	Preceeding Week Oct. 11 1941	Month Ago Sept. 13 1941	Year Ago Oct. 19 1940
25.3	Foods	113.8	113.4	113.3	90.9
	Fats and Oils	116.3	127.0	130.6	64.6
	Cottonseed Oil	133.4	154.4	159.6	60.4
23.0	Farm Products	111.9	116.4	120.8	87.9
	Cotton	150.2	157.6	168.0	86.6
	Grains	94.9	105.5	112.0	85.5
	Livestock	108.0	110.8	113.9	87.4
17.3	Fuels	112.3	112.3	110.8	101.3
10.8	Miscellaneous Commodities	125.3	127.2	126.2	109.5
8.2	Textiles	137.2	138.3	138.8	106.1
7.1	Metals	104.0	103.5	103.8	103.3
6.1	Building Materials	130.8	131.0	123.4	113.5
1.3	Chemicals and Drugs	112.3	111.9	107.5	103.5
.3	Fertilizer Materials	114.6	114.4	113.6	103.9
.3	Fertilizers	107.5	107.1	107.1	103.0
.3	Farm Machinery	100.2	99.7	99.3	99.5
100.0	All Groups Combined	115.5	116.8	116.8	97.8

*Base period changed Jan. 4 from 1926-1928 average to 1935-39 average as 100. Indexes on 1926-1928 base were: Oct. 18, 1941, 91.0; Oct. 11, 1941, 91.0; Oct. 19, 1940, 76.2.

Foreign Front

(Continued from page 726)

been coveted by the Japanese. If a move toward the south was intended, the Japanese Navy doubtless would have received greater representation in the Cabinet, since any such military adventure might the more readily involve a clash with British and American naval power.

The real reason for the Japanese governmental change thus may be assumed to be the German success against European Russia, which opens the way for a Tokio move against the East Asian holdings of the Communist State. Some sizable transfers of Russian forces from Siberia to the Moscow front were reported in recent days, and they may well have impressed the real policy makers at Tokio, who are more concerned about military power than about moral sentiments. In preparation for any Russian collapse, the Japanese are understood to have moved strong forces from China to the frontier between Siberia and Manchukuo. It remains more than possible that the fall of Moscow, if and when it occurs, will mark the signal for a new military adventure by the Japanese against Siberia. To all appearances the Tokio change of regimes has prepared the way.

In his first official declaration, last Saturday, Premier Tojo declared cryptically that his regime will seek amicable relations with "friendly powers." That the hope of an accord with the United States has not been abandoned was indicated early this week, in statements to the effect that Japanese - American friendship ranks high among the aims of the Tojo Cabinet. But Washington took the realistic view that developments in the Russo-German war probably will be the real influences in Japanese policy. The British authorities were similarly impressed and made it known generally that the defenses of Singapore and other British territories in the Far East are in readiness for all eventualities.

For the Chungking Nationalist regime of China the new situation poses peculiar difficulties, since an accord with Japan might conceivably be made now on a more reasonable basis than at any time in the last four years. All the signs indicate, however, that Chungking still intends to rely upon Britain and the United States, and to fight with redoubled vigor the modified Japanese forces in China Proper. Aid to the Chinese Nationalists from Soviet Russia unquestionably eclipsed all British and American efforts, up to the time Russia became engaged with the Nazis. Russian supplies to the Chinese cannot now amount to more than a trickle and a contingent promise. All the more admirable, in these circumstances, would be a continued Chinese resistance to the Japanese aggressors. Withdrawal of the Japanese forces of occupation already have made possible some important territorial recaptures by the Chinese.

Implied in the Japanese Cabinet change are considerations for the United States which could not possibly be exaggerated. The formation of a more decidedly militaristic regime at Tokio foreshadows moves which Washington will condemn, and which may involve the United States in a two-ocean war. The Berlin-Rome-Tokio pact calls for Axis collaboration in the event of American entry into the war, and it is fairly obvious that any action in the Pacific would be in Far Eastern waters. Naval experts contend that the Japanese Navy would be a formidable opponent, especially in home waters, and it is clear that the British Navy would be of only limited aid, in the event of warlike measures. That Britain would be on the side of the United States in the event of complications involving the Far East has been made quite clear by Prime Minister Winston Churchill.

These Far Eastern uncertainties cast a definite shadow upon the reactions to the Kearny incident in official American circles. Although popular opinion in the United States rightly has been inflamed by the torpedoing of the Kearny, with a loss of American lives, it is evident that a declaration of war against Germany and Italy might also draw Japan into the conflict, on the side of the Axis, through stimulation of tendencies which already are in evidence in Tokio.

Russian Resistance

Tremendous masses of soldiers are engaged on the Russo-German front in one of the vital battles of this war, with the outcome not yet fully clear but certainly inclined toward the Nazi side. The Russian capital of Moscow is the city for which the vast struggle now rages. It may be premature to call this the crucial battle of the Russian campaign, but a German victory and a Russian defeat would unquestionably alter the entire course of the present world war.

The battle of Moscow began on Oct. 2 with typical German encirclement maneuvers, and a close approach of the Nazis to the key point signalizes important successes of the Reich forces. Either the Russians or bad weather slowed up the Nazi drive in the early part of this week. But deep mud and the Russian resistance apparently failed to stop the invaders entirely. They are now reported within 50 miles of Moscow along the direct highway from Smolensk, and huge wedges seemingly are being driven into the Russian lines north and south of the city, with a view to complete encirclement and reduction of the fortress at leisure. Moscow has been evacuated by much of the Russian Government and the entire diplomatic corps, and a temporary capital established at Kuibyshev, 540 miles eastward.

Other than official comments about heavy rains and boggy soil, the Germans have said little about the great battle of Moscow in recent days. Nor have the Russians been much more informative. It appears, however, that the double battles of encirclement at Vyazma and Bryansk were regarded by the Nazis as concluded, last Saturday, with 648,000 prisoners initially reported captured and the number increased slightly thereafter. This released huge German forces for the further development of the attack against Moscow, the Nazis said.

There were rumors from London, Stockholm and other centers for a time that Kalinin to the north of Moscow, and Orel to the south, had been recaptured by the Russians in sharp counterattacks. Such claims have not been substantiated. Hints were thrown out in Berlin that the Germans actually have advanced far to the eastward of Moscow, south of that city. In the north according to unofficial Reich spokesmen, the Germans also made progress eastward.

Claims and counter-claims are resolved, however, in the simple fact that the seat of the Russian Government was moved over the last weekend, with Kuibyshev, the easternmost city on the Volga River, selected as the retreat. Premier Joseph Stalin apparently remains in Moscow to direct the defense. The great Russian city was placed under a state of siege, and citizens and soldiers alike were ordered to defend it.

Fierce and destructive aerial bombardments of Moscow are taking place, in line with the German tendency toward "softening up" any place intended for capture. The state of Russian communications is reflected in a five-day journey that was required to transfer diplomats and others from Moscow to Kuibyshev. It is also clear, however, that German forces are suffering tremendous losses in the drive for and around the Russian capital.

Wintry weather already has made its appearance in the northerly reaches of Russia and the siege of Leningrad continues. To the south, however, the Germans again are driving forward and fresh conquests on the Black Sea littoral are reported and conceded. Odessa, besieged by Rumanians with German assistance, fell last Thursday, after an heroic defense. German forces moving eastward along the shore of the Black Sea took Taganrog, 40 miles from Rostov, on Sunday, Moscow admitting the loss of that city two days later. German and Italian troops took Stalino, 100 miles northwest of Rostov, on Tuesday. All of the Donets Basin apparently is in danger of a flanking movement.

Although the Russian plight cannot be regarded as other than desperate, there is no faintest indication of a spirit of surrender. The vast struggle seems likely to continue, even if withdrawal by the Russians eastward of the Volga, or to the Ural mountains, is forced by the advancing Nazi horde. The Germans, on the other hand, will hold much of the fertile soil of European Russia and a sizable part of the industrial capacity. Already, according to Berlin, arrangements are being made for integration of occupied Russia into the German "new order." If the Nazis thus achieve access to a vast storehouse of food and war supplies, the blockade of Europe may be largely offset and the prospects are anything but cheerful.

Middle East

Fighting weather now prevails in the vast stretch of territory from the Mediterranean to India, and nothing could be more obvious than the likelihood of new attacks in the Middle East, if and when the Germans force the Russians to capitulate or retreat eastward. Substantial concentrations of British forces and equipment are at hand in Egypt, Syria, Iraq and Iran, with reserves from India also available. Surprising, in this situation, is only the lack of English initiative, which possibly stems from the abortive push in June toward Italian Libya.

The military situation along this extensive British lifeline has remained unaltered in recent months, but activity is sure to develop soon, even if it involves only the eastern Mediterranean. Brief British hopes of taking Italy out of the war apparently have been abandoned. Heavy aerial attacks are reported against numerous Italian industrial centers and ports. The Italians, in turn, are reinforcing their Libyan command and preparing for the next moves in the vast drama.

Afghanistan, as the missing link in the British chain of outposts to the Far East, has been under severe pressure, and decided on Sunday to expel all Axis nationals. This indicates a ranging of the country under British advice, and solidifies the line eastward. Whether British forces will endeavor to meet the Germans in the Caucasus still is not clear, however, and it may be that such maneuvers would prove difficult, owing to the poor communications. Much depends, in any

(Continued on page 731)

World Prices Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in world production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country, usually a government department." The commodities involved include "a comprehensive list of several groups, including grains, livestock and livestock products, miscellaneous foods (coffee, cocoa, tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Oct. 20 as follows:

(August, 1939=100)

	Argentina	Australia	Canada	England	Java	Mexico	New Zeal'd	Sweden	Switzerland	United States
1940—										
May	120	118	120	143	116	113	112	131	138	112
June	118	118	120	144	116	113	114	131	136	109
July	118	118	120	145	115	112	114	132	140	109
August	118	119	120	150	115	111	120	132	144	109
September	116	120	121	145	116	110	122	135	153	111
October	113	123	122	145	117	110	120	139	158	114
November	113	125	124	146	118	111	118	142	164	118
December	113	126	126	149	120	111	119	144	168	118
1941—										
January	114	127	126	150	r120	111	119	144	r172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	r152	129	117	120	156	189	129
June	133	121	137	158	131	119	121	155	193	132
July	r135	r121	r141	r156	r136	r125	r122	r155	194	r136
August	138	121	r142	*157	138	127	123	156	---	138
September	139	122	145	*156	138	136	133	156	202	143
1941—										
Weeks end.:										
Sept. 6	138	122	144	155	138	128	123	156	201	141
Sept. 13	138	122	r145	*156	137	130	123	156	201	144
Sept. 20	139	122	r145	*156	137	131	123	156	202	144
Sept. 27	r142	122	145	*156	138	132	123	156	203	143
Oct. 4	140	122	145	*157	138	131	125	156	*203	143
Oct. 11	140	122	144	*158	138	132	126	156	---	142

* Preliminary. r Revised

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
1940—*Month of*—					
January	528,155	579,739	167,240	72	71
February	420,639	453,518	137,631	70	71
March	429,334	449,221	129,466	69	70
April	520,907	456,942	193,411	70	70
May	682,490	624,184	247,644	76	72
June	508,005	509,781	236,693	79	73
July	544,221	587,339	196,037	72	73
August	452,613	487,127	162,653	74	73
September	468,870	470,228	163,769	72	73
October	670,473	648,611	184,002	79	73
November	488,990	509,945	161,985	77	73
December	464,537	479,099	151,729	71	73
1941—*Month of*—					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
***Week Ended* 1941—**					
May 3	165,583	147,188	447,525	83	80
May 10	170,436	148,381	466,064	84	80
May 17	161,295	149,884	472,782	84	80
May 24	168,875	152,410	489,915	85	81
May 31	155,831	151,648	488,993	84	81
June 7	156,188	144,481	500,252	84	81
June 14	158,821	156,439	504,786	88	81
June 21	168,561	153,364	518,755	88	82
June 28	151,114	154,711	509,231	90	82
July 5	149,197	129,019	529,633	74	82
July 12	147,365	131,531	542,738	77	82
July 19	168,431	156,989	550,902	92	81
July 26	182,603	160,609	572,532	92	82
Aug. 2	159,844	159,272	572,635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84
Sept. 27	155,473	163,915	578,402	98	85
Oct. 4	178,619	168,256	582,287	100	85
Oct. 11	159,337	164,374	575,627	99	85

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Portland Cement Statistics For September 1941

The portland cement industry in September, 1941, produced 16,115,000 barrels, shipped 18,284,000 barrels from the mills, and had in stock at the end of the month 17,563,000 barrels, according to the Bureau of Mines, U. S. Department of the Interior. Production and shipments of portland cement in September, 1941, showed increases of 23.0 and 24.0%, respectively, as compared with September, 1940. Portland cement stocks at mills were 11.8% lower than a year ago.

The total production for the nine months ending Sept. 30, 1941, amounts to 118,573,000 barrels, compared with 92,437,000 barrels in the same period of 1940, and the total shipments for the nine months ending Sept. 30, 1941, amounts to 124,440,000 barrels compared with 95,975,000 barrels in the same period of 1940.

The statistics given below are compiled from reports for September, received by the Bureau of Mines from all manufacturing plants.

In the following statement of relation of production to capacity the total output of finished cement is compared with the estimated capacity of 157 plants at the close of September, 1941 and 160 plants at the close of September, 1940.

RATIO OF PRODUCTION TO CAPACITY

	Sept. 1941	Sept. 1940	Aug. 1941	July 1941	June 1941
The month	78.3%	61.8%	76.5%	74.9%	74.0%
The 12 months ended	62.5%	48.6%	61.0%	59.6%	58.3%

PRODUCTION, SHIPMENTS AND STOCKS OF FINISHED PORTLAND CEMENT, BY DISTRICTS, IN SEPTEMBER 1941 and 1940 (IN THOUSANDS OF BARRELS)

	—Production—		—Shipments—		Stocks at end of month	
	1940	1941	1940	1941	1940	1941
Eastern Pa., N. J. & Md.	2,455	2,816	2,645	3,216	3,924	3,435
New York & Maine	960	1,238	1,100	1,388	1,852	1,759
Ohio, Western Pa. & W. Va.	1,542	1,425	1,600	1,795	2,066	2,054
Michigan	967	1,065	1,226	1,221	1,488	1,561
Wis., Ill., Ind. & Ky.	1,358	1,599	1,600	1,958	1,584	1,288
Va., Tenn., Ala., Ga., La., & Fla.	1,449	1,764	1,584	1,980	1,468	1,054
Eastern Mo., Ia., Minn. & S. Dak.	1,034	1,357	1,480	1,753	2,363	1,850
W. Mo., Nebr., Kans., Okla. & Ark.	684	1,085	856	1,119	1,804	1,905
Texas	631	930	645	885	848	749
Colo., Mont., Utah, Wyo. & Idaho	338	394	337	493	483	274
California	1,360	1,869	1,337	1,904	1,459	1,048
Oregon & Washhington	293	528	295	532	582	582
Puerto Rico	34	45	36	40	---	4
Total	13,105	16,115	14,741	18,284	19,921	17,563

PRODUCTION, SHIPMENTS AND STOCKS OF FINISHED PORTLAND CEMENT, BY MONTHS, IN 1940 AND 1941 (IN THOUSANDS OF BARRELS)

	—Production—		—Shipments—		Stocks at end of month	
	1940	1941	1940	1941	1940	1941
January	6,205	9,021	3,893	7,934	25,759	24,416
February	5,041	8,345	4,907	7,456	25,894	25,307
March	7,918	10,596	7,716	9,915	26,118	25,988
April	10,043	12,196	10,829	14,132	25,348	24,056
May	12,633	14,732	13,206	16,048	24,758	22,745
June	12,490	15,223	13,223	16,109	24,010	21,865
July	12,290	16,000	13,442	16,687	22,855	21,178
August	12,712	16,345	14,018	17,825	21,549	19,732
September	13,105	16,115	14,741	18,284	19,921	17,563
October	13,935	----	15,776	----	18,008	----
November	12,725	----	10,372	----	20,353	----
December	11,195	----	8,192	----	23,379	----
Total	130,292	----	130,315	----	----	----

Preliminary Estimate Of September Coal Output

According to preliminary estimates made by the Bureau of Mines and the Bituminous Coal Division of the United States Department of the Interior, bituminous coal output during the month of September, 1941, amounted to 45,464,000 net tons, compared with 38,650,000 net tons in the corresponding month of 1940 and 45,650,000 tons in August, 1941. Anthracite production during September, 1941 totaled 5,138,000 net tons as against 4,172,000 tons a year ago and 5,246,000 tons in August, 1941. The consolidated statement of the two aforementioned organizations follows:

	Total for Month (Net Tons)	Number of Working Days	Average per Working Day (Net Tons)	Cal. Year to End of September (Net Tons)
September, 1941 (Preliminary)—				
Bituminous coal a	45,464,000	25	1,819,000	359,816,000
Anthracite b	5,138,000	--	------	41,016,000
Beehive coke	574,900	--	------	4,558,100
August, 1941 (Revised)—				
Bituminous coal a	45,650,000	26	1,756,000	------
Anthracite b	5,246,000	--	------	------
Beehive coke	610,600	--	------	------
September, 1940 (Revised)—				
Bituminous coal a	38,650,000	24	1,610,000	333,133,000
Anthracite b	4,172,000	--	------	38,316,000
Beehive coke	287,800	--	------	1,766,700

a Includes for purposes of historical comparison and statistical convenience the production of lignite and of anthracite and semi-anthracite outside of Pennsylvania.

b Total production, including colliery fuel, washery and dredge coal and coal shipped by truck from authorized operations.

Note—All current estimates will later be adjusted to agree with the results of the complete canvass of production made at the end of the calendar year.

Bank Debits Up 17% From Last Year

Bank debits as reported by banks in leading centers for the week ended October 15 aggregated $10,573,000,000. Total debits during the 13 weeks ended October 15 amounted to $130,911,000,000, or 28% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 23% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 30%.

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District	Week Ended Oct. 15, 1941	Week Ended Oct. 16, 1940	13 Weeks Ended Oct. 15, 1941	13 Weeks Ended Oct. 16, 1940
Boston	565	487	7,132	5,774
New York	4,200	3,576	51,190	41,586
Philadelphia	536	437	7,169	5,364
Cleveland	770	614	9,810	7,541
Richmond	466	359	5,364	4,010
Atlanta	360	272	4,373	3,191
Chicago	1,587	1,507	20,083	15,232
St. Louis	387	275	4,299	3,066
Minneapolis	215	166	2,681	2,085
Kansas City	347	287	4,361	3,357
Dallas	290	224	3,412	2,527
San Francisco	850	779	11,038	8,791
Total, 274 reporting centers	10,573	8,984	130,911	102,525
New York City*	3,865	3,276	46,647	37,867
140 Other leading centers*	5,763	4,934	72,733	55,723
133 Other centers	945	773	11,530	8,935

* Included in the national series covering 141 centers, available beginning with 1919.

September Output and Shipments of Slab Zinc

The American Zinc Institute on Oct. 7 released the following tabulation of slab zinc statistics:

TOTAL SLAB ZINC SMELTER OUTPUT (ALL GRADES) 1929-1941
(Tons of 2000 lb.)

	Stock at Beginning	Production	Shipments Domestic	Shipments Exports & Drawback	Stock End of Period	Unfilled Orders End of Period	Daily Avge. Prod.
1929	46,430	631,601	596,249	6,352	75,430	18,585	1,730
1930	75,430	504,463	436,079	196	143,618	26,651	1,355
1931	143,618	300,738	314,473	41	129,842	18,273	822
1932	129,842	213,531	218,347	170	124,856	8,478	583
1933	124,856	324,705	343,762	239	105,560	15,978	890
1934	105,560	366,933	352,515	148	119,830	30,786	1,004
1935	118,005	431,499	465,687	59	83,758	51,186	1,182
1936	83,758	523,166	561,969	0	44,955	78,626	1,429
1937	44,955	589,619	569,241	0	65,333	48,339	1,615
1938	65,333	456,990	395,534	20	126,769	40,829	1,252
1939	126,769	538,198	598,972	0	65,995	53,751	1,475
1940—							
Jan.	74,262	58,442	54,291	5,535	72,878	36,808	1,885
Feb.	72,878	55,518	50,386	3,481	74,529	47,469	1,914
Mar.	74,529	58,690	49,163	3,633	80,623	34,580	1,900
Apr.	80,623	57,299	45,498	4,604	87,820	45,326	1,910
May	87,820	58,320	53,557	13,526	79,057	55,389	1,881
June	79,057	53,273	52,946	3,854	79,530	59,043	1,776
July	75,530	57,168	56,064	8,627	68,007	53,726	1,844
Aug.	68,007	57,196	59,511	13,478	52,214	69,508	1,845
Sept.	52,214	59,800	63,045	12,148	36,821	95,445	1,993
Oct.	36,821	63,338	63,970	9,129	27,060	116,420	2,043
Nov.	27,060	61,502	61,200	4,864	22,498	126,120	2,050
Dec.	22,498	65,354	64,984	5,286	17,582	125,132	2,108
		706,100	674,615	88,165			
Monthly Average		58,842	56,217	7,347		Daily Average	1,929
1941—							
Jan.	17,582	66,121	63,930	4,914	14,859	121,026	2,133
Feb.	14,859	61,603	57,663	8,155	10,644	108,151	2,200
Mar.	10,644	70,341	65,011	2,629	13,345	97,638	2,269
Apr.	13,345	68,543	65,035	5,379	11,474	95,256	2,285
May	11,474	73,449	61,696	11,394	11,833	98,435	2,369
June	11,833	70,837	61,546	10,023	11,101	92,583	2,361
July	11,101	74,641	62,714	9,180	13,848	81,456	2,408
Aug.	13,848	75,524	61,061	10,342	17,969	68,604	2,436
Sept.	17,969	73,225	64,673	7,094	19,427	67,079	2,441

PRODUCTION BY GRADES

Month	Spec. H.G.	High Grade	Intermediate	Brass Spcl.	Select	Prime Western	Total
1941—							
Sept.	15,767	15,088	4,548	5,570	1,456	30,796	73,225

Note—Commencing with January 1940, production from foreign ores is included in the monthly figures which reflect the total output at smelters of Slab Zinc of all grades, as reported by all producers represented in the membership of the Institute. The unchanged totals for previous years do not include production from foreign ores, which was not a vital factor in those years; this explains the discrepancy between stock shown at end of 1939 and at the beginning of 1940.

Cotton Spinning Activity Higher In September

The Bureau of the Census announced Oct. 18, that according to preliminary figures 24,271,952 cotton spinning spindles were in place in the United States on Sept. 30, 1941, of which 22,963,944 were operated at some time during the month, compared with 23,029,066 for August, 23,028,082 for July, 22,994,980 for June, 23,004,082 for May, 22,807,432 for April, and 22,281,476 for September, 1940. The aggregate number of active spindle hours reported for the month of September was 10,406,906,124, compared with 10,253,003,576 for August. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during September, 1941, at 123.7% capacity. This percentage compares, on the same basis, with 125.3 for August, 123.0 for July, 121.5 for June, 121.7 for May, 120.1 for April, and 96.8 for September, 1940. The average number of active spindle hours per spindle in place for the month was 429, in comparison with 421 in August. The total number of cotton spinning spindles in place, the number active, the number of active spindle hours, and the average hours per spindle in place by States, are shown in the following statement:

State—	Spinning Spindles In place Sept. 30	Spinning Spindles Active during September	Active Spindle Hrs. for Sept. Total	Active Spindle Hrs. for Sept. Average per spindle in place
United States	24,271,952	22,963,944	10,406,906,124	429
Cotton Growing States	17,925,304	17,381,906	8,365,974,465	467
New England States	5,634,560	4,954,328	1,839,042,658	326
All other States	712,088	627,710	201,889,001	284
Alabama	1,808,380	1,789,260	877,772,689	485
Connecticut	523,992	477,566	160,003,270	305
Georgia	3,156,944	3,031,590	1,502,642,847	476
Maine	654,900	593,594	252,773,347	386
Massachusetts	3,164,900	2,766,180	987,094,836	312
Mississippi	152,070	132,486	62,194,114	409
New Hampshire	298,208	257,460	124,104,399	416
New York	325,660	280,650	102,258,389	314
North Carolina	5,774,812	5,611,824	2,552,229,345	442
Rhode Island	894,048	825,256	297,793,718	333
South Carolina	5,407,732	5,284,874	2,674,512,649	495
Tennessee	553,096	542,808	264,273,662	478
Texas	243,064	226,812	106,983,562	440
Virgina	636,596	600,774	270,241,425	425
All other States	677,550	542,810	172,027,872	254

Rails Had 88,819 New Freight Cars on Order

Class I railroads on Oct. 1, 1941 had 88,819 new freight cars on order, the Association of American Railroads announced on Oct. 18. On Oct. 1 last year, there were 19,892.

The new cars on order on Oct. 1, this year included 57,891 box, 25,437 coal, 358 stock, 2,076 flat, 2,076 refrigerator and 981 miscellaneous cars.

Class I railroads on Oct. 1, this year also had 671 new locomotives on order, of which 309 were steam and 362 electric and Diesel. On September 1, 1941, there were 611 new locomotives on order, of which 317 were steam and 294 were electric and Diesel. New locomtives on order on Oct. 1, last year, totaled 215, which included 130 steam and 85 electric and Diesel.

In the first nine months of 1941, the railroads put in service 55,709 new freight cars compared with 49,685 in the same period last year.

Of the total number of new freight cars placed in operation in the first nine months this year, there were 29,048 box, 23,159 coal, 1,566 flat, 1,482 refrigerator, 91 stock and 363 miscellaneous cars.

In the first nine months this year, the railroads also put in service 425 locomotives, of which 97 were steam and 328 electric and Diesel. Installed in the first nine months last year were 265 new locomotives, of which 73 were steam and 192 electric and Diesel.

Petroleum And Its Products

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those levels ruling for the comparable 1940 period.

Since last year's figures, however, are generally regarded as being insufficient to meet current and future demands the actual deficiency on the East Coast therefore exceeds by a considerable margin the mere difference between current inventory levels and those of 1940, the Oil Coordinator pointed out. The increased heavy civilian demand, defense industry needs, military oil needs of the Army and the Navy, foreign requirements and similar mounting needs will require in the aggregate that inventories be pushed far beyond those of 12 months ago, he pointed out.

In discussing the gasoline price situation at his press conference this week, Coordinator Ickes said that if any companies submitted facts and figures to him which showed that price increases are justified, he would be willing to join in a request to the proper Federal agency that justifiable increases be allowed. In this connection, he disclosed that he was studying information supplied by the Phillips Petroleum Co. in justification of a proposed crude oil price advance.

Inventories of finished, unfinished and aviation gasoline showed one of the sharpest gains of the year during the Oct. 18 week, rising to 82,584,000 barrels from 81,381,000 a week earlier. The American Petroleum Institute report also showed gasoline production up sharply, totaling 13,909,000 barrels, against 13,513,000 a week previous. Refinery operations gained 1 point to 95.7% of capacity, with daily average runs of crude oil to stills up to 4,120,000 barrels from 4,075,000 in the Oct. 11 period.

Seasonal firming developed in kerosene and heating oils in the East and other marketing centers although price movements were limited. Bunker C fuel came in for more attention and movements were at the best of recently quoted levels. Prices in general held firm to strong in all major refined products.

Foreign Front

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event, upon the outcome of the Russo-German conflict, and on the Japanese moves of the next few weeks or months.

Aerial and Sea Warfare

Lusty blows again were struck by the British Air Force against the German-held European continent, this week, while Nazi sea attacks against English and Allied shipping were intensified. The plight of Russia occasioned ever more stentorian demands in England for an invasion of the continent, but no signs of any such development appeared. Perhaps in an effort to allay the clamor, British authorities caused to be published last Friday a full report of the ill-fated Flanders expedition, which ended in the Dunkirk evacuation, last year.

Lord Gort, Commander in Chief of the British forces in France and Belgium, made it quite clear in his dispatches that much was lacking during the episode. Not only were the British outnumbered vastly, but the Germans also were superior in equipment and in coordination of activities. Aerial deficiencies of the defenders were important, and communications with the French also were poor. The impression given by the dispatches was that vast arrangements, which possibly surpass British capacities of

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Foreign Front

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the present moment, must precede any further attempt at invasion of German-held areas.

Whatever the occasion for publication of the Gort correspondence at this time, the fact remains that fighting between British and German forces continued along precisely the same lines taken during recent months. British air attacks were enlarged and attained fresh heights. German maneuvers at sea also increased, and some special announcements were issued at Berlin to signalize sinkings of sizable numbers of merchant ships. Two British destroyers and ten cargo vessels were claimed destroyed by the Germans, last Saturday, and they added that this encounter had no relation to the damage sustained by the U. S. destroyer Kearny.

Occupied Europe

Reports of the most distressing nature continue to reflect the difficulties of that vast portion of the European continent which German Nazi forces have conquered militarily, without being able to persuade the populace toward acceptance of their "new order." Frenchmen, Belgians, Hollanders, Norwegians, Czechs, Serbians and Greeks are in revolt against the German overlords. But the Nazis possess the weapons and are putting them to horrible use in downing the insurrections.

Indicative was the slaying at Nantes, occupied France, of the German military commander, Lieut. Col. Karl F. Holtz, by unidentified assassins. This killing on Monday was followed, Tuesday, by the shooting of no less than fifty French "hostages," and by threats of still more terrible reprisals if the culprits remained unapprehended. Similar incidents in other occupied regions have been numberless and there is every reason to believe they are continuing.

More terrible even than such developments is the approach of another dreadful winter, in which the sorrowing peoples of the occupied areas are certain to suffer horribly. The conquerors are said to have stripped the countries under their dominance of all materials and foodstuffs, and little now is reaching such regions through the British blockade. The prospects for the coming winter are sad, indeed, for much of Europe.

Latin-America

Slight but steady progress is the rule in the Good Neighbor policy adopted by the Administration in Washington with respect to the twenty Latin-American Republics. An interesting indication of that progress was furnished last week, when a reciprocal trade agreement between the United States and Argentina was signed in Buenos Aires. This pact was lauded rather extravagantly in Washington, and accepted with a measure of reserve in Argentina, the different viewpoints relating to the political emphasis in the United States and the economic emphasis in the Latin-American country.

The competitive nature of Argintine and United States production made a satisfactory trade treaty difficult to formulate, and it would be idle to assume that the pact now signed meets all requirements of the situation. Both countries reduced import duties modestly on a few score items, and agreed to bind on the respective free lists other items. Canned meats will enter the United States on a lessened scale of imposts, but no relaxation was effected of the "quarantine" which long has kept Argentine frozen beef out of the United States. In turn, Argentina failed to grant simple most-favored-nation treatment to the United States, owing to preferences granted Britain and the sterling area.

Essentially, the trade position between the United States and Argentina will be little affected by this latest in the series of reciprocal trade treaties. The political significance of the pact is another matter and one that is less easy to gauge. It will unquestionably influence all of Latin-America greatly, since the agreement signifies a rapprochement that long has been regarded as the keystone in the arch of Good Neighborliness. Inevitably, however, the other Latin-American countries will note the omissions of the treaty, as well as the positive aspects.

Federal Reserve September Business Index

The Board of Governors of the Federal Reserve System on Oct. 20 issued its monthly indexes of industrial production, factory employment and payrolls, &c. In another item in these columns today we give the Board's customary summary of business conditions. The indexes for September, together with comparisons for a month and a year ago, are as follows:

BUSINESS INDEXES

1935-39 average = 100 for industrial production and freight-car loadings
1923-25 average = 100 for all other series

	Adjusted for seasonal variation 1941 Sept.	Aug.	1940 Sept.	Without seasonal adjustment 1941 Sept.	Aug.	1940 Sept
Industrial production—						
Total	p160	160	127	p166	162	132
Manufactures—						
Total	p166	165	129	p172	167	133
Durable	p202	198	151	p204	198	150
Nondurable	p137	139	112	p145	142	119
Minerals	p130	131	r116	p136	134	124
Construction contracts, value—						
Total	p159	152	93	p160	159	93
Residential	p101	112	82	p101	111	82
All other	p207	184	101	p209	199	102
Factory employment—						
Total	*	133.0	108.9	*	132.8	111.4
Durable goods	*	141.1	107.4	*	138.4	108.2
Nondurable goods	*	125.3	110.3	*	127.5	114.4
Factory payrolls—						
Total	----	----	----	*	157.8	111.6
Durable goods	----	----	----	*	177.1	115.1
Nondurable goods	----	----	----	*	136.2	107.7
Freight-car loadings	130	139	112	145	140	125
Department store sales, value	p112	134	97	p121	106	105
Department stores stocks, value	*	87	70	*	84	73

p—Preliminary. r—Revised. * Data not yet available.

Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, nondurable manufactures, and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, nondurable by .469, and minerals by .152.

Construction contract indexes based on 3-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern states. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by $410,269,000, residential by $184,137,000, and all other by $226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION
(1935-39 average = 100)

	Adjusted for seasonal variation 1941 Sept.	Aug.	1940 Sept.	Without seasonal adjustment 1941 Sept.	Aug.	1940 Sept.
Manufactures—						
Iron and steel	192	185	169	192	185	166
Pig iron	185	182	167	185	182	164
Steel	207	198	175	207	198	171
Open hearth & Bessemer	179	172	164	179	172	161
Electric	405	382	247	405	382	242
Machinery	p225	223	145	p225	223	142
Transportation equipment	p245	240	159	p245	221	154
Aircraft	p1238	1123	508	p1238	1123	508
Automobiles	----	----	----	----	----	----
Bodies, parts, & assembly	p137	139	121	p137	118	119
Factory sales	p75	93	110	p76	47	89
Railroad cars	p247	236	148	p247	236	135
Locomotives	p356	355	140	p356	355	137
Shipbuilding	p514	484	220	p514	484	213
Nonferrous metals and products	p186	184	143	p185	184	143
Copper smelting	p135	135	129	p135	135	129
Zinc smelting	175	175	148	175	175	143
Copper deliveries	p225	221	154	p225	221	156
Zinc shipments	146	143	141	146	143	138
Tin consumption	*	161	113	*	159	108
Lumber and products	p137	140	121	p149	152	132
Lumber	p128	134	121	p143	148	134
Furniture	p154	153	121	p162	158	127
Stone, clay, and glass products	p152	154	124	p170	172	139
Polished plate glass	120	133	118	120	109	118
Textiles and products	p152	154	116	p152	154	118
Cotton consumption	156	160	119	156	160	119
Rayon deliveries	p168	170	120	p168	170	138
Silk deliveries	p34	56	65	p32	50	65
Wool textiles	p173	166	123	p173	166	120
Leather and products	p119	121	95	p127	128	102
Tanning	*	123	90	*	119	89
Cattle hide leathers	*	140	95	*	133	94
Calf and kip leathers	*	103	82	*	108	81
Goat and kid leathers	*	96	83	*	94	84
Shoes	p116	119	99	p130	135	111
Manufactured food products	p130	133	110	p158	153	133
Wheat flour	99	98	100	114	99	115
Meat packing	p132	134	121	p123	116	112
Other manufactured foods	p131	135	109	p169	159	140
Paper and products	*	147	120	*	146	124
Paperboard	158	161	118	167	163	125
Printing and publishing	p127	129	108	p127	120	108
Newsprint consumption	105	109	104	106	96	105
Petroleum and coal products	*	130	116	*	131	118
Petroleum refining	*	126	112	*	128	114
Gasoline	*	126	113	*	130	116
Fuel oil	*	127	113	*	124	114
Lubricating oil	*	132	102	*	131	102
Kerosene	*	116	121	*	111	119
Beehive coke	p426	453	267	p426	453	222
Chemicals	p144	145	114	p146	142	116
Rubber products	p132	130	124	p132	130	126
Rubber consumption	134	132	125	134	132	128
Minerals—						
Fuels	p128	129	115	p129	125	116
Bituminous coal	p135	147	119	p140	135	124
Anthracite	p127	162	108	p122	120	103
Crude petroleum	p125	119	114	p125	122	114
Metals	p142	144	r127	p176	182	r172
Iron ore	203	203	155	311	335	301
Copper	p154	155	137	p152	152	136
Lead	*	116	112	*	116	112

p—Preliminary or estimated. r—Revised. * Data not yet available.

FREIGHT-CAR LOADINGS
(1935-39 average = 100)

Coal	133	158	114	140	139	120
Coke	176	199	147	172	167	144
Grain	111	103	r107	122	125	117
Livestock	84	84	98	111	80	129
Forest products	138	152	122	149	160	132
Ore	149	155	145	261	271	254
Miscellaneous	135	141	112	150	141	124
Merchandise, l.c.l.	97	99	95	102	99	100

r—Revised.

Note—To convert coal and miscellaneous indexes to points in total index, multiply coal by .213 and miscellaneous by .548.

Retail Prices Continue to Gain in Sept.
Reports Fairchild Retail Price Index

Retail prices in September showed an advance of 2.5% over August, and 12.9% over September a year ago, according to the Fairchild Publications retail price index. The advance of 2.5% in September was smaller than the gain in August which reached 3%. The index at 105.2 (Jan. 3, 1931, equals 100) is the highest since 1930. Quotations show an advance of 18.3% compared with the period immediately preceding the outbreak of the war. The announcement further said:

Each one of the major groups gained during the month, with the greatest advance recorded in women's apparel, and piece goods following. These two major groups also recorded the largest advance during August. Infants' wear and home furnishings showed the smallest gains. In comparison with a year ago, piece goods showed the greatest gain as well as the largest in comparison with the period immediately preceding the outbreak of hostilities. Home furnishings follow, with an increase only slightly smaller.

For the second time in years, every commodity included in the index showed a gain. Among the items showing marked advances during the month were women's hosiery, aprons and housedresses, sheets and pillow cases, furs, women's underwear, men's hosiery and men's underwear. As compared with a year ago increases have been very marked for many items. For example, cotton piece goods advanced 18.6%, sheets 16.5%, silks 13.7%, women's hosiery 13.3%, aprons and housedresses 14.9%, furs 30.9%, furniture 21.9%.

The advance in retail prices will continue in coming months, especially with current quotations still below replacement, according to A. W. Zelomek, economist, under whose supervision the index is compiled. However, there is a possibility that the rate of advance will slow down after the turn of the year.

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
Jan. 3, 1931 = 100

	May 1 1933	Oct. 1 1940	July 1 1941	Aug. 1 1941	Sept. 2 1941	Oct. 1 1941
Composite index	69.4	93.2	97.7	99.6	102.6	105.2
Piece goods	65.1	86.7	91.3	93.3	97.1	99.9
Men's apparel	70.7	89.1	90.1	91.5	93.3	95.5
Women's apparel	71.8	91.8	95.3	96.9	100.4	104.1
Infants' wear	76.4	97.3	98.1	98.7	100.0	101.2
Home furnishings	70.2	95.0	100.4	102.4	104.9	106.9
Piece Goods—						
Silks	57.4	69.4	70.9	72.0	76.7	78.9
Woolens	69.2	87.6	91.8	93.2	95.8	98.4
Cotton wash goods	68.6	103.2	111.3	114.6	118.7	122.4
Domestics—						
Sheets	65.0	93.5	99.3	100.8	104.8	108.9
Blankets & comfortables	72.9	115.0	119.2	120.8	122.8	123.8
Women's Apparel—						
Hosiery	59.2	73.6	73.3	73.5	79.4	83.4
Aprons & house dresses	75.5	105.7	107.9	111.0	114.6	121.4
Corsets & brassieres	83.6	93.0	93.5	94.6	98.3	99.1
Furs	66.8	105.5	121.5	126.2	133.0	138.1
Underwear	69.2	86.0	87.4	88.0	90.7	93.8
Shoes	76.5	88.0	88.1	88.2	88.6	88.7
Men's Apparel—						
Hosiery	64.9	87.6	87.5	89.2	91.3	94.3
Underwear	69.6	91.8	92.8	94.2	96.6	100.3
Shirts & neckwear	74.3	86.2	86.4	87.4	88.3	90.0
Hats & caps	69.7	82.8	84.5	85.7	86.9	89.0
Clothing incl. overalls	70.1	91.7	93.4	95.2	97.1	93.3
Shoes	76.3	94.6	95.9	97.4	99.6	101.0
Infants' Wear—						
Socks	74.0	103.0	104.0	104.0	105.3	108.3
Underwear	74.3	95.2	95.3	95.9	96.8	98.8
Shoes	80.9	93.8	95.1	96.3	97.9	98.6
Furniture	69.4	101.0	113.3	116.7	120.5	123.1
Floor coverings	79.9	127.1	133.6	135.1	136.7	138.3
Musical instruments	50.6	54.0	54.5	56.7	58.9	61.3
Luggage	60.1	76.0	77.9	*79.1	81.8	84.2
Electrical Household—						
Appliances	72.5	79.7	82.9	84.9	87.1	89.0
China	81.5	94.5	100.3	102.1	103.4	104.1

Note:—Composite index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.
* Revised.

September Flour Output Shows Sizable Gain

Flour production for September, as reported to The Northwestern Miller by plants representing 65% of the national output, totaled 6,178,777 barrels, a 586,000-barrel increase over the August figure and more than 140,000 barrels above the amount manufactured in September last year.

Though the month's record was considerably above that of last year, it came far from matching the large 1939 output of 7,395,103 barrels. Among the producing sections, the Northwest showed the largest September gain over the previous period—about 208,000 barrels—but fell short of the 1940 figure by 50,000 barrels. Southwestern mills showed a gain over the month of more than 125,000 and at the same time bettered their September, 1940, figure by 148,000.

The Buffalo increase from August to September was slight, and the September production fell below that of the same month last year. The large increase of about 144,000 barrels registered by mills of the North Pacific region, was attributed to a return to normal conditions following strike-curtailed August levels, for their September total was considerably under that of 1940.

A detailed table of comparisons follows:

TOTAL MONTHLY FLOUR PRODUCTION
(Reported by mills producing 65% of the flour manufactured in the U. S.)

	September, 1941	Previous month	September 1940	1939	1938
Northwest	1,457,038	1,249,528	1,506,178	1,821,968	1,539,721
Southwest	2,370,320	2,244,221	2,121,995	2,662,372	2,200,466
Buffalo	867,675	859,429	873,831	1,062,491	964,814
Central West—Eastern Division	551,410	504,286	517,877	568,248	511,517
Western Division	272,271	222,831	273,731	380,770	299,524
Southeast	103,597	99,579	129,510	200,330	*384,866
North Pacific Coast	556,466	412,841	614,168	698,924	449,035
Totals	6,178,777	5,592,715	6,037,290	7,395,103	6,349,943

* Includes Indiana, since 1938 under Central West, Eastern Division.

Market Transactions In Govts. for Sept.

Market transactions in Government securities for Treasury investment accounts in September, 1941, resulted in net sales of $2,500, Secretary Morgenthau announced on Oct. 16. There were no purchases or sales of Government securities completed in August.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1939—	
October	$1,201,000 sold
November	2,844,350 sold
December	3,157,000 sold
1940—	
January	$9,475,000 sold
February	20,801,000 sold
March	5,700,000 sold
April	1,636,100 sold
May	387,200 purchased
June	934,000 purchased
July	No sales or purchases
August	No sales or purchases
September	$300,000 sold
October	4,400,000 sold
November	284,000 sold
December	1,139,000 sold
1941—	
January	$2,785,000 purchased
February	11,950,000 purchased
March	No sales or purchases
April	$743,350 sold
May	200,000 sold
June	447,000 purchased
July	No sales or purchases
August	No sales or purchases
September	$2,500 sold

Corn Acreage Allotment

The United States Department of Agriculture announced on Sept. 19 a 1942 commercial corn acreage allotment of 37,580,000 acres for the 1942 commercial corn area comprising 623 counties in 15 North-Central and Eastern States. The allotment represents an increase of 280,000 acres when compared with the 1941 allotment of 37,300,000 acres, and the Department announces that the increase will be used in making minor adjustments in individual cases. State and county allotments, which will be announced in the near future, will be about the same as in 1941 and most 1942 farm allotments will be the same as in 1941. As a consequence, it is expected that the 1942 corn allotments for most individual farms will remain the same as in 1941 with few revisions being necessary.

In announcing the national corn allotment, Department officials said that there will be ample feed supplies for the increase in production of livestock and livestock products sought through the Farm Defense Program without an increase in the commercial corn acreage this year. In determining the allotment, allowance was made for an increase of more than 100,000,000 bushels in corn consumption in the year beginning Oct. 1, 1941 and an additional increase was allowed for the year following.

Panama and Peru also gained attention in recent days, owing to developments in those countries which have a bearing on the diplomatic relations of the Americas. The coup in Panama, which displaced President Arnulfo Arias, occasioned some conjecture as to any possible part played by the United States in the incident. Secretary of State Cordell Hull denied last Thursday any complicity of our State Department. Panama lifted, last Monday, the restrictions against arming of Panama registered ships, which seemed for a time to be the precursor of the governmental change. Peruvian authorities were incensed last week, when the United States Government summarily seized some airplanes destined for that country, and sent them winging on their way to Russia. But assurances of full compensation were extended the Lima Government, which settled at least the financial aspect of the incident.

Cottonseed Receipts, Stocks Surpass Last Year

On Oct. 11 the Bureau of the Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the 2 months ended with September, 1941 and 1940:

COTTON SEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State	Received at mills* Aug. 1 to Sept. 30		Crushed Aug. 1 to Sept. 30		On hand at mills Sept. 30	
	1941	1940	1941	1940	1941	1940
United States	1,145,117	725,422	526,663	434,299	748,983	330,630
Alabama	79,884	36,725	59,661	30,581	31,396	6,726
Arizona	11,862	10,785	6,920	6,183	5,159	4,610
Arkansas	177,203	51,405	71,307	35,563	130,826	21,397
Georgia	63,825	69,990	61,646	53,268	21,095	17,854
Louisiana	35,512	35,777	19,608	23,379	16,430	12,652
Mississippi	246,373	64,896	91,255	43,059	159,144	28,351
North Carolina	39,380	34,927	19,621	18,807	29,495	19,730
Oklahoma	35,109	21,584	10,837	8,943	24,804	13,149
South Carolina	22,392	38,693	11,549	24,240	13,851	14,969
Tennessee	161,210	23,997	57,815	13,667	124,063	11,456
Texas	218,472	306,741	93,272	167,902	152,394	155,251
All other states	53,895	29,902	23,172	8,707	40,326	24,485

* Does not include 130,529 and 39,507 tons on hand Aug. 1 nor 4,005 and 879 tons reshipped for 1941 and 1940 respectively.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item	Season	On hand August 1	Produced Aug. 1 to Sept. 30	Ship. out Aug. 1 to Sept. 30	On hand Sept. 30
Crude oil	1941-42	*29,708	163,278	132,701	*79,584
(thousand pounds)	1940-41	37,352	135,500	91,350	80,066
Refined oil	1941-42	†294,005	‡96,364	------	†178,724
(thousand pounds)	1940-41	493,658	80,452	------	347,492
Cake and meal	1941-42	164,444	227,115	217,174	174,385
(tons)	1940-41	79,501	193,449	176,390	96,560
Hulls	1941-42	151,439	135,737	133,076	154,100
(tons)	1940-41	20,914	110,127	73,898	57,143
Linters	1941-42	123,154	150,834	170,511	103,477
(running bales)	1940-41	129,340	103,418	116,751	116,007
Hull fiber	1941,42	1,834	5,872	3,693	4,013
(500-lb. bales)	1940-41	1,215	1,979	1,278	1,916
Grabbots, motes,etc.	1941-42	6,183	4,993	4,835	6,281
(500-lb. bales)	1940-41	12,449	3,856	6,532	9,773

* Includes 13,192,000 and 17,411,000 pounds held by refining and manufacturing establishments and 7,859,000 and 22,939,000 pounds in transit to refiners and consumers August 1, 1941 and Sept. 30, 1941 respectively.

† Includes 7,268,000 and 2,970,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 3,903,000 and 3,923,000 pounds in transit to manufacturers of shortening, oleomargacine, soap, etc., August 1, 1941 and Sept. 30, 1941 respectively.

‡ Produced from 102,455,000 pounds of crude oil.

EXPORTS AND IMPORTS OF COTTONSEED PRODUCTS FOR 12 MONTHS ENDING JULY 31

Item		Unit	9141	1940
Exports:	Oil, crude	pounds	2,913,991	5,120,097
	Oil, refined	pounds	12,027,139	14,310,471
	Cake and meal	tons of 2,000 pounds	977	6,743
	Linters	running bales	21,288	320,479
Imports:	Oil crude	pounds	none	none
	Oil refined	pounds	4,468,884	12,860,309
	Cake and meal	tons of 2,000 pounds	53,226	29,009
	Linters	bales of 500 pounds	251,777	63,176

To Survey Phila. Water System in re Defense

President Roosevelt revealed on Oct. 17 that he had asked Paul V. McNutt, Federal Security Administrator, to investigate whether the water and sewer systems in the city of Philadelphia are in such a condition as to "constitute a menace to the defense program." Pointing out, in a letter to Mr. McNutt, that defense contracts for more than $1,000,000,000 have been placed in the city of Philadelphia and that the Federal Government is the single largest direct employer in the city, the President asserted that "the entire nation has, therefore, an especial and immediate interest in the health and living conditions of the people of Philadelphia and the safeguarding of the great industries of that city." Mr. McNutt was directed, if necessary, to recommend ways and means by which the Federal Government may cooperate with Philadelphia authorities to safeguard national and local interests.

The President's letter to Mr. McNutt follows:

Reports have reached me to the effect that the water and sewer systems of the city of Philadelphia have been allowed to fall into such a state of disrepair as to constitute a threat to defense work from fires and a menace to the health and welfare of the people of the city on whom we are counting for so large a portion of our defense production.

Defense contracts for more than a billion dollars have been placed in Philadelphia and in addition, the Philadelphia Navy Yard, the Frankfort Arsenal, and the quartermaster depot make the Federal Government the single largest direct employer in the city. The entire nation has, therefore, an especial and immediate interest in the health and living conditions of the people of Philadelphia and the safeguarding of the great industries of that city.

Will you please determine by a prompt investigation whether or not there are conditions in Philadelphia which constitute a menace to our defense program, and—if you find that there are—will you recommend ways and means by which the Federal Government may cooperate with the local authorities to insure that national as wel as local interests will be served and safeguarded.

No Collateral for "E" Defense Bond Issuers

The Federal Reserve Bank of New York recently issued the Treasury Department's first amendment to its "Regulations Governing Agencies for the Issue of Defense Savings Bonds Series E." According to a letter sent to banks in the New York Reserve District by Allan Sproul, President of the New York Reserve Bank, the amendment provides, in effect, that any designated issuing agent insured by the Federal Deposit Insurance Corporation, the Federal Savings & Loan Insurance Corporation or any other acceptable State Insurance Corporation, System or Fund, the members of which are subject to Federal or State supervision, examination and liquidation, may, without the pledge of collateral security, apply for Defense Savings Bond stock of Series "E" sufficient to meet its requirements. The letter further states:

In the case of an issuing agent which is insured by the Federal Deposit Insurance Corporation, the aggregate amount of such stock which may be maintained at any one time, taken at maturity values, shall not exceed 50% of the agent's capital and surplus or guaranty fund or reserve for capital purposes or $500,000, whichever is the smaller amount. In the case of any other issuing agent which is insured, the aggregate amount of such stock which may be maintained at any one time, taken at maturity values, shall not exceed 50% of the issuing agent's capital and surplus or guaranty fund or reserve for capital purposes, or other similar fund or funds, or $50,000, whichever is the smaller amount. The Secretary of the Treasury, directly or through the Federal Reserve Bank of the district as fiscal agent, reserves the right to regulate the amount of stock which may be obtained or maintained by any issuing agent without the pledge of collateral.

The Treasury's circular relative to the rules was given in our issue of April 19, page 2476.

Retail Food Costs Advance Sharply From Mid-August to Mid-September

Retail food prices again rose sharply between mid-August and mid-September. The cost of food for the moderate-income family was up 2.6%, Acting Commissioner Hinrichs of the Bureau of Labor Statistics reported on Oct. 9. The advances were countrywide and affected most of the important foods except fresh fruits and vegetables, which were selling at seasonally low levels. Bread, meat, milk, sugar, coffee, and canned goods were all quoted at higher prices. These advances in retail stores followed earlier rapid rises in wholesale markets, which in turn reflected a variety of influences, including government purchases, increased domestic consumer demand, higher costs of production, and some speculative buying. From the Bureau's announcement we also quote:

At their Sept. 16 levels, retail food costs were 110.8% of their 1935-39 average, the highest level since January, 1931. Since March of the current year, when the rapid rise in food prices began, there has been an increase of 12.6%. In the last two weeks of September, according to preliminary reports, the rise in retail markets was at a much slower rate than in the previous month, as wholesale prices moved downward.

From mid-August to mid-September, prices of bread and milk, which had begun to go up in July in many cities, were advanced in other cities so that prices of bread were higher in September than in July in 41 of the 51 cities surveyed by the Bureau of Labor Statistics and prices of milk were up by 1 to 3 cents a quart in 33 of these cities.

Pork prices, which had been increasing since December, 1940, maintained a seasonal advance through mid-September, and lamb and beef also moved up to high late summer levels. Particularly sharp increases were reported for canned salmon, as many retailers reported acute shortages of red salmon because of the Government's purchase policy. There was a further rise for eggs, and on Sept. 16 egg prices were 60% above the price in March of this year, and lard was 52% higher than in March.

Since last year at this time retail food prices have moved upward by 14% on the average. The outstanding increases were 57% for lard, 30% for pork and 20 to 30% for such foods as butter, cheese, evaporated milk, eggs, canned peaches, navy beans and coffee. Only 1 of the 54 foods was selling for less in September, 1941, than a year earlier.

Changes in prices from Aug. 12 to Sept. 16 and since September, 1940, for the more important foods were as follows:

Item	September 1941 compared with August 1941 (Percentage Change)	September 1941 compared with September 1940 (Percentage Change)
Eggs	+10.1	+25.7
Pork chops	+ 8.1	+26.1
Coffee	+ 5.8	+23.6
Cheese	+ 4.5	+27.2
Milk, fresh (average)	+ 3.7	+13.0
Rib roast	+ 3.6	+ .9
Butter	+ 3.1	+26.8
Round steak	+ 3.0	+ 3.0
Sugar	+ 2.6	+17.9
White bread	+ 2.4	+ 4.9
Evaporated milk	+ 2.4	+20.0
Canned tomatoes	+ 2.1	+14.3
Flour	+ 1.9	+18.5
Roasting chickens	0	+ 6.1
Oranges	— 3.1	+12.5
Potatoes	— 3.8	+13.9

Retail food prices advanced more than 3% in 13 of 51 cities between mid-August and mid-September. The largest increases were for Chicago (5.7%), Kansas City (5.4%), Portland, Oregon (4.9%) and St. Louis (4.7%). Greater than average advances for dairy products, fats and oils, cereals and bakery products and higher prices for fruits and vegetables were responsible for the large increases in these 4 cities. Advances of less than 1% were reported for only 3 cities, Rochester (0.8%), and Cincinnati and Jacksonville (0.9%). The greatest increases since September of last year were in Mobile (19.5%), Portland, Oregon (19.3%), and Kansas City (19.2%).

Index numbers of food costs by commodity groups for the current period and for Aug. 12, 1941, July 15, 1941, Sept. 17 ,1940, and Aug. 15, 1939, are shown below:

INDEX NUMBERS OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS

Five-year Average 1935-39=100

Commodity Group	Sept. 16 1941†	Aug. 12 1941	July 15 1941	Sept. 17 1940	Aug. 15 1939
ALL FOODS	110.8	108.0	106.7	97.2	93.5
Cereals and Bakery Products	100.9	99.0	96.2	96.2	93.4
Meats	115.5	111.2	108.7	102.4	95.7
Beef and veal	116.2	112.1	108.6	111.4	99.6
Pork	114.8	109.5	106.1	88.1	88.0
Lamb	116.3	‡109.6	111.5	105.4	98.8
Chickens	103.1	103.1	104.5	96.6	94.6
Fish, fresh and canned	129.9	125.5	120.4	110.8	99.6
Dairy Products	118.5	114.5	112.3	99.7	93.1
Eggs	132.9	120.7	114.7	105.7	90.7
Fruits and Vegetables	100.7	103.4	107.0	90.4	92.4
Fresh	99.6	103.8	109.3	89.4	92.8
Canned	102.5	‡100.2	97.9	91.9	91.6
Dried	111.1	109.1	106.5	100.5	90.3
Beverages	109.2	103.8	101.4	91.1	94.9
Fats and Oils	103.0	99.2	96.6	81.3	84.5
Sugar	111.8	109.0	107.8	94.8	95.6

† Preliminary. ‡ Revised.

Setting New Records

With the conclusion of nine years of operation by the Federal Home Loan Bank of Chicago, A. R. Gardner, President of the Bank, reports that in the 1941 fiscal year the Chicago Regional Bank made home loans totaling $112,316,000, a gain of 22% over the previous year. The total of the 455 members' combined assets reached $464,412,000 at the fiscal year-end compared with $425,528,000 a year before. From its establishment up to last Sept. 25, the Chicago Bank had advanced $96,624,326 to its member institutions. Repayments of $68,077,773 leave $28,546,553 as outstanding credits in use by the members, the largest amount for any of the 12 Federal Home Loan Banks.

Railroads to Continue Special Fare to Army

Railroads have agreed to continue until Oct. 31, 1942, the special fare of 1¼ cents per mile for the uniformed personnel of the Army, Navy, Marine Corps and Coast Guard when traveling on furlough in uniform at their own expense, J. J. Pelley, President of the Association of American Railroads announced on Oct. 22. This arrangement also applies to cadets, midshipmen and nurses of the various branches of the service.

Effective on Oct. 31, this year, arrangements have been completed whereby this fare will be extended to military forces of the British Empire traveling within the United States in uniform at their own expense when on official leave, furlough, or pass.

The special fare is good, under a 30-day limit, for round-trip travel in coaches between all points in the United States. Special fare tickets may be purchased upon presentation of an official furlough-fare certificate which can be otbained from commanding officers at all military establishments.

This plan of allowing the uniformed forces traveling on furlough a special railroad fare was established on May 1, 1941. It was to have expired at the end of this month.

Requests Exemption Of Second Mortgages

The National Association of Real Estate Boards has requested the Board of Governors of the Federal Reserve System to amend its regulations on consumer credit so as to grant an exemption for second mortgages of less than $1,000 incurred in the course of ordinary real estate transactions.

The Association also asks that the land contracts customarily in use in some parts of the country in acquisition of home sites and other real estate be included in the exemption. Unless such action is taken, second mortgages of less than $1,000 can run no longer than 18 months, according to a recent ruling. The Association further states:

> Neither second mortgages in excess of $1,000 undertaken for the purpose of acquiring land or real estate nor first mortgages for this purpose are subject to the regulations, adopted in August and applying to installment buying. Since second mortgages undertaken for the purchase of a home or other real estate are usually a part of a larger transaction involving both a down payment and a first mortgage, it is assumed no such mortgages were intended to be included in the installment regulations.
>
> Despite the degree to which use of second mortgages has been reduced in recent years, there are many communities in which the second mortgage taken out by the builder is still necessary procedure for home building and home ownership under present conditions, the Association states.

On Shipbuilders Council

H. Gerrish Smith, President of the National Council of American Shipbuilders, announced on Oct. 9 the appointment of Lewis Compton as executive assistant to the President of the Council. Mr. Compton, a former Assistant Secretary of the Navy, played an important part in the development of the Naval expansion program. He recently resigned as Finance Commissioner of the State of New Jersey to accept this appointment.

House Approves Added Sums for Lease-Lend

By a vote of 328 to 67 the House of Representatives on Oct. 10 approved and sent to the Senate the second lease-lend appropriation bill aggregating $5,985,000,000. The action came after a motion to recommit the bill was voted down by a voice vote and following the defeat of attempts to ban any aid under the bill to Soviet Russia and to reduce some of the sums allocated. The lease-lend fund was part of an appropriation bill totaling $3,159,416,229. The other $174,416,229 provides supplemental funds for many defense items which are deficient, the largest being $121,000,000 for Navy ordnance and ordnance stores.

The main appropriations under the lease-lend program are as follows:

> $1,190,000 for ordnance and ordnance stores, supplies, spare parts, etc.
>
> $685,000,000 for aircraft and aeronautical material including engines.
>
> $385,000,000 for tanks, armored cars, automobiles and other vehicles.
>
> $850,000,000 for vessels, ships, boats and supplies.
>
> $155,000,000 for miscellaneous military and naval equipment.
>
> $375,000,000 for facilities and equipment, acquisition of land, etc.
>
> $1,875,000,000 for agricultural, industrial and other commodities.
>
> $175,000,000 for testing and repair of equipment for foreign governments.
>
> $285,000,000 for services and expenses for carrying out the program.
>
> $10,000,000 for administrative expenses.

The Senate Finance Committee on Oct. 14 began its hearings on the lease-lend appropriation bill and it is expected that the measure will reach the Senate floor early next week with final approval coming in the latter part.

President Roosevelt had requested Congress on Sept. 18 to appropriate an additional $5,985,000,000 in order that there be "no interruption in the flow of aid to those countries whose defense is vital to our own" (referred to in these columns of Oct. 2, page 411). The President told his press conference on Oct. 14 that transfers of lease-lend supplies to countries under the program amounted to $155,000,000 in September, a record amount, and that all but 5% of the original $7,000,000,000 appropriated remains unallocated.

Bolton to Get Medal Of Chemical Industry

The Chemical Industry Medal of the Society of Chemical Industry will be presented to Elmer K. Bolton, Chemical Director of E. I. du Pont de Nemours & Co., at a joint meeting of the American Section of the Society of Chemical Industry, the New York Section of the American Chemical Society and the New York Section of the American Institute of Chemical Engineers on Nov. 7, with Lincoln T. Work, presiding. The medal is awarded for valuable application of chemical research to industry. The meeting will be held at The Chemists' Club, 52 East 41st Street, New York City. C. M. A. Stine, Vice-President of the du Pont Co., will speak on the personal side of the medallist's life and Prof. Roger Adams of the University of Illinois will speak on the technical accomplishments of the medallist. The medal will be presented by Wallace P. Cohoe, past Chairman of the American Section, and following the presentation Dr. Bolton will give an address on "The Development of Nylon." Preceding the meeting, a dinner in honor of Dr. Bolton will be given at the Club.

Congress Votes RFC More Borrowing Power

Final Congressional action on the bill increasing the borrowing power of the Reconstruction Finance Corporation by $1,500,000,000 came on Oct. 13 when the Senate passed the measure on a voice vote. The House had approved the legislation on Oct 7 by a voice vote.

It is planned to use approximately $1,000,000,000 of this amount for expansion of the steel industry and part of the remainder for expansion of other industries, for purchase of critical materials and other activities in connection with defense plants in which the RFC, through its subsidiaries, has been engaged.

Before the House approved the measure on Oct. 7 it rejected by a 69 to 25 vote an amendment which would have prohibited using any of the authorization as a loan to Soviet Russia. Last month Federal Loan Administrator Jesse Jones made arrangements whereby the Soviet Union contracted to buy $100,000,000 of strategic raw materials. The transaction involved advancing $50,000,000 of the amount before delivery of the materials for Soviet purchases in this country. Of this advance fund $30,000,000 had been made available up to Oct. 1. The agreement with Russia, under which this country will receive manganese, chromite, asbestos and platinum, was referred to in our issue of Oct. 2, page 412.

When this legislation was originally introduced in the House it contained a provision which would have authorized the Federal Loan Administrator to import any commodity free of duty if he deemed it a "strategic and critical" material needed for the defense program. However this provision was eliminated after it was found to be too controversial a subject. The House, during its consideration of the bill, defeated by a 95 to 94 vote an amendment prohibiting relaxation of duties on materials imported for the account of RFC defense agencies. It was explained that these agencies have not been paying an import duty on materials purchased from other countries inasmuch as the Government is doing the buying.

Farm Outlook Good

The best economic outlook for farmers in many years was reported on Oct. 6 by the United States Department of Agriculture in its monthly survey of the agricultural situation. The analysis, in part, follows:

> Prices, income and purchasing power were reported at high levels.
>
> But costs of production—farm wages and materials used in production—also are rising.
>
> Continuing good consumer demand for farm products, increased Government buying of food, and Government loans and other supports to prices were cited in the farm outlook for 1942.
>
> Fall harvests now being made assure dairymen, poultrymen, hog growers and cattlemen abundant feed for stock this winter. Feed and food granaries and warehouses were reported well stocked for winter needs in this country and for export of food to Britain.

Department economists called attention to the "biggest food production program in our Nation's history," and to national goals calling for high record production of milk, cheese eggs, meats, vegetables and other foods in 1942. They said that with good weather and the "all-out" cooperation of farmers in making needed adjustments for national defense, the 1942 food production goals will be reached.

C. W. Borton Heads Bank Auditors Ass'n

C. W. Borton, Assistant Vice President of the Irving Trust Co., New York City, was elected President of the National Association of Bank Auditors and Comptrollers at the concluding session of the organization's annual convention recently held in Chicago. He succeeds Charles Z. Meyer, Comptroller of the First National Bank of Chicago, who now becomes a member of the Advisory Board. Mr. Borton has been active in the affairs of both the New York City conference and the national organization for a number of years. From 1932 to 1938 he was a national committeeman in the second district. At the Houston convention in 1938 he was elected to national office as Secretary-Treasurer and each year since that time he has advanced through the various offices and now assumes the top executive postion.

Mr. Borton was appointed Assistant Auditor of Irving Trust Company in 1926 after four years service in the company. He was elected Auditor in 1932, and Assistant Vice-President in 1939. He is also President of the New York Control of the Controllers Institute of America.

Other officers of the National Association of Bank Auditors and Comptrollers elected to new positions include: O. A. Waldow, Comptroller, National Bank of Detroit, First Vice President; Hugh E. Powers, Cashier, Lincoln Bank and Trust Co., Louisville, Ky., Second Vice President; John C. Shea, Auditor, Whitney National Bank, New Orleans, La., Secretary, and B. N. Jenkins, Auditor, First National Bank and Trust Co., Oklahoma City, Okla., Treasurer.

Bonuses & Wage-Hour Law

A statement defining bonuses which do not affect overtime payments was issued on Sept. 2 by General Philip B. Fleming, Administrator of the Wage and Hour Division, U. S. Department of Labor. Test of such a bonus is that the payment and amount are solely in the discretion of the employer, says the statement which likewise stated that the employee has no contract rights, expressed or implied, to any amount. Gen Fleming was quoted as follows on Sept. 2:

> "At the time the Fair Labor Standards Act of 1938 went into effect the Wage and Hour Division took the position that production bonuses were part of an employee's pay and should be included in the computation of overtime. That is still the position of the Division. The Division later said that unless it could be conclusively demonstrated that any payment was a gift or a gratuity, such a payment must be added to the 'regular rate of pay' on which the time and a half for overtime is computed.
>
> "Some employers have written us that they were hesitating about giving their employees bonuses from their currently enlarged earnings. So we are issuing this statement to dispel doubts.
>
> "The statement also defines the type of bonus while affects the regular rate of pay and shows how such bonuses are to be computed in arriving at overtime compensation. It also warns that weird 'bonus' schemes for the evasion of overtime payments will not be countenanced by the Division in its enforcement of the Act.
>
> "Like other interpretations of the Division, this statement indicates the construction of the Act which will guide the Division in its administration and enforcement unless directed otherwise by the authoritative rulings of the courts."

Construction Volume Greatest in 12 Years

Construction contracts awarded in 37 Eastern States during the first nine months of 1941 amounted to $4,510,879,000 according to F. W. Dodge Corporation, while in the comparable period of 1940 award volume was $2,784,352,000. Not since 1929 has construction volume exceeded four and a half billion dollars during the first nine months of the year. An announcement issued by Dodge Oct. 18 continued:

> In the first three quarters of 1941, non-residential building expanded to $1,682,166,000—more than double the volume in the corresponding period of 1940. Residential buiding contracts awarded amounted to $1,561,285,000, an increase of 38 per cent over the 1940 nine-month volume of $1,136,362,000.
>
> Building and engineering contract awards during September 1941 totaled $623,292,000, declining somewhat from the record level of August 1941, but 79 per cent larger than September 1940. It was also the largest volume for any September recorded in the F. W. Dodge Corporation record of construction in 37 Eastern States.
>
> Commenting on the September contract record, Thomas S. Holden, President of F. W. Dodge Corporation said: "Recent trends toward peak construction activity are obviously dampened considerably by the SPAB order of October 9 restricting non-defense construction. Nevertheless, the defense construction and defense housing needs of the coming year will require a very large construction volume, probably more than in any post-depression year except 1940 and 1941. The defense program requires a continuing record volume of defense plant construction, warehouse facilities of many kinds for handling defense materials, defense housing at the rate of 50,000 family units a month, defense highways, community facilities (including necessary commercial buildings) to serve defense areas, and necessary modernization, rehabilitation and repairs of existing buildings."

ABA Trust Conference

An Economic-Trust Panel entitled, "America Under a War Economy" will be one of the new features of the Twelfth Mid-Continent Trust Conference of the American Bankers Association to be held at the Statler Hotel, St. Louis, Mo., on Nov. 6 and 7, according to the program for the conference announced by Richard G. Stockton, President of the Trust Division, and Vice-President and Senior Trust Officer of the Wachovia Bank and Trust Co., Winston-Salem, N. C. Three nationally known economists and three outstanding trust men will participate in this panel.

Another new feature will be a "case method" investment symposium. Three hypothetical, but practical trust investment problems, will be discussed by three speakers followed by questions from the floor. Merrill E. Otis, District Judge of the United States District Court, Kansas City, Mo., jurist of the Midwest, will be the speaker for the annual banquet on the evening of Nov. 6. His subject will be "The Individual and the State in a Shaken World." The Corporate Fiduciaries Association of St. Louis and the St. Louis Clearing House Association will act as hosts to the conference. David R. Calhoun, Vice-President of the St. Louis Union Trust Co., is general chairman of the conference.

Reserve Banks to Stop Contract Service

The Board of Governors of the Federal Reserve System announced on Oct. 11 that as soon as the Division of Contract Distribution is properly organized the offices maintained at the Federal Reserve Banks and their branches by the recently-abolished Defense Contract Service will be discontinued. In indicating this the Board says:

The Division of Contract Distribution has adopted a plan of organization on a greatly expanded basis for the establishment of offices at new and additional locations in every State and the managers of these offices are to report directly to Washington.

The Board further says:

The Federal Reserve Banks will continue, through their own officers who have been designated for this purpose at their head offices and branches, to furnish advice and assistance to small business enterprises in obtaining necessary financing arrangements through their local banks wherever possible, or when necessary, through other lending agencies, including the Federal Reserve Banks and the Reconstruction Finance Corporation.

The Federal Reserve officers will also advise with the field officers of the Division of Contract Distribution and will continue to cooperate with the procurement officers of the military services in regard to financial and credit information which they may desire.

The appointment early this year of seven District Co-Ordinators of Defense Contract Service was referred to in our issue of March 8, 1941, page 1519.

Land Bank Bonds Called

Directors of Fletcher Joint Stock Land Bank, Indianapolis, have called for payment on Nov. 1, 1941, $150,000 of its 1% bonds dated Nov. 1, 1939, and due May 1, 1942, according to announcement made Oct. 16 by Wm. B. Schiltges, President of the Joint Stock Bank. The retirement, ahead of the due date of these bonds is due largely, Mr. Schiltges said, to the improved prices for farm products which has stimulated liquidation of farm debts by loan prepayments and also has increased the sales of farm lands. The bonds to be retired normally would have fallen due May 1, 1942. They are part of an issue of $500,000 of 1% bonds, dated Nov. 1, 1939, and callable May 1, 1941. They are to be paid through the Guaranty Trust Co. of New York, the City National Bank and Trust Co. of Chicago and the Fletcher Trust Co. of Indianapolis.

The bank's announcement further stated:

With the retirement of this block of bonds, there will be outstanding $4,098,000 in obligations of the Joint Stock Land Bank, made up of $350,000—1% bonds due May 1, 1942, $487,000 1% bonds due May 1, 1943, $500,000 1¼% bonds due July 1, 1944, $1,740,000 1½% bonds due July 1, 1945 and $1,021,000 1½% bonds due March 1, 1946. In addition, the Joint Stock Land Bank holds in its treasury at the present time $637,000 of its own obligations. The refunding operations were handled through the bond department of the Fletcher Trust Co. under the direction of H. F. Clippinger, Vice-President in charge of the bond department.

At the peak of the business of the Joint Stock Land Bank, which is being liquidated according to Federal statute, it had outstanding loans on farm lands in central Indiana amounting to $16,235,599. During this same period its total bonds outstanding were $14,730,000.

Responsibilities of Women Forum Topic

Leaders in business, labor, religion, health and home economics will participate in a three-day forum on the campus of Stephens College, Columbia, Mo., Nov. 6, 7 and 8, to chart a broad-gauge educational program designed to equip American women for the responsibilities of citizenship in a democracy, James Madison Wood, President of the college announced recently. Owen D. Young, honorary Chairman of the General Electric Co., is honorary Chairman of the advisory committee for the forum, and Dr. W. W. Charters, director of educational research at Ohio State University, is Chariman.

"This forum is being held at this time," Mr. Wood explained, "because we believe that it is now more important than ever to recognize that democracy is no longer the unchallenged, foolproof ideal as a political organism, but must be fortified with strong moral fiber to survive—and that a nation's whole moral fiber is shaped and nurtured during the formative years in the home itself."

The broad theme of the forum, consisting of talks by outstanding leaders and round table discussions in which students, faculty, alumnae, and visitors will participate, will be "The American Woman and Her Responsibility." "The objectives," President Wood said, "will be the charting of a broad-gauge educational program that will give truly effective guidance to the generation of American women who will be our mothers and housewives of tomorrow, from the standpoint of their responsibilities in that role." Mr. Wood added:

"The present urgent need for awakening women to their important role as bulwarks of democracy through intelligent, satisfactory home-making leads us to believe that it is now time to extend that realistic approach throughout the whole field of feminine education, which, undoubtedly, long has tended to place too much emphasis on the opportunities of women in a democracy rather than on their responsibilities."

Mortgage Loans Up

New mortgage loans made by the Mutual Savings Banks of New York State for the first nine months of 1941 showed another sharp increase of 4,659 loans, or 32½% over the same period last year, according to figures released Oct. 17 by the Savings Banks Association of the State of New York. The announcement says:

In the first nine months of 1941, New York State savings banks made 19,033 new loans, with a total value of $151,441,000. This compares with 14,374 loans, with an aggregate value of $140,654,000 in the corresponding period last year.

Mortgage lending by savings banks during the third quarter of the current year showed a gain both over the second quarter of 1941 and the third quarter of 1940, with 7,107 loans for $55,118,000. This compares with 6,776 loans in the preceding period, and 5,268 in the third period of 1940.

Of the total for the period just ended 2,408 were savings banks mortgages, with a value of $25,447,000; 2,202 were FHA insured mortgages for $9,393,000; 316, with a value of $1,805,000, represented additional loans on existing mortgages, and 2,181 were purchase money mortgages aggregating $18,473,000.

Lumber Movement Week Ended October 11, 1941

Lumber production during the week ended Oct. 11, 1941, was 2% less than the previous week, shipments were 8% less, and new business 9% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 1% below production; new orders 8% below production. Compared with the corresponding week of 1940 production was 10% greater, shipments 1% less, and new business 13% less. The industry stood at 122% of the average of production in the corresponding week of 1935-39 and 125% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the 41 weeks of 1941 to date was 13% above corresponding weeks of 1940; shipments were 14% above the shipments, and new orders were 10% above the orders of the 1940 period. For the 41 weeks of 1941 to date, new business was 6% above production, and shipments were 5% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 36% on Oct. 11, 1941, compared with 31% a year ago. Unfilled orders were 0.2% less than a year ago; gross stocks were 13% less.

Softwoods and Hardwoods

Record for the current week ended Oct. 11, 1941, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1941 Week	1940 Week	1941 Prev. Week (Rev.)
Mills	459	459	473
Production	274,039	248,282	279,393
Shipments	270,489	273,633	294,354
Orders	252,641	289,204	278,363

	Softwoods 1941 Week		Hardwoods 1941 Week	
Mills	381		93	
Production	263,172	—100%	10,867	—100%
Shipments	257,483	98	13,006	120
Orders	242,909	92	9,732	90

Message to Chile on Its Independence Day

President Roosevelt on Sept. 18 expressed to the Chilean people his appreciation for their continued "devotion to sound democratic processes" and the "adherence to those measures of continental defense required by the present circumstances." The President's message, addressed to President Pedro Aguirre Cerda of Chile, was sent on the occasion of the national anniversary of Chilean independence. The following is the text of the message:

On this anniversary of the independence of Chile I am happy to extend to Your Excellency and to the people of Chile my personal felicitations and those of the people of the United States. As the free republic of the Americas commemorate the fundamental dates of their national histories they become increasingly aware of the threats abroad in the world today to free nations and to free institutions everywhere.

It has therefore been particularly heartening to me and to the people of the United States during the past year to note the unequivocal and continued evidence in Chile of a traditional devotion to sound democratic processes and of an unqualified adherence to those measures of continental defense required by the present circumstances. I am glad to have this opportunity of extending to Your Excellency my best wishes for your personal welfare and for the prosperity of the people of Chile.

Interest Payments on German Loan Bonds

The German Embassy in Washington issued on Oct. 15 the following announcement concerning payment of interest on the bonds of the so-called Dawes and Young Loans:

Since by the decree issued by the President of the United States on June 14, 1941, all German assets in the United States have been frozen, there are no dollar funds available for further purchases of coupons of the German External Loan of 1924 (Dawes Loan) and the German Government International 5½% Loan, 1930 (Young Loan), stamped "U. S. A. domicile 1st October, 1935." Owners and holders (Inhaber) of coupons appertaining to bonds of the American tranche of the above-mentioned loans, stamped with the above-quoted legend, as well as owners and holders of unstamped coupons of the above bonds, will receive payment for such coupons by a Reichsmark deposit with the "Treuhandgesellschaft von 1933 m. b. H.," Berlin. Any special agreements, which are in force now, are not affected hereby.

The maturing coupons may be presented for payment at the "Wertpapier - Abteilung der Deutschen Reichsbank in Berlin C 111" either directly or through a bank. The "Wertpapier-Abteilung de Reichsbank" will thereupon deposit the equivalent in Reichsmark with the "Treuhandgesellschaft von 1933 m. b. H." in Berlin to be credited to a personal Reichsmark-Treuhand account of the owners and holders of these coupons. The use of such credit balances by the owner and holder is subject, as heretofore, to a permit of the Reichsbank.

Coupons, when presented for payment, should be accompanied by sworn statements (affidavits) as heretofore for unstamped coupons, segregating the coupons as to issue, maturity date and face value amount. Non-American owners and holders have to supplement above-mentioned affidavits by special statements.

Chain Store Sales Index

The Chain Store Age index of sales of leading chain organizations in September was 147, relative to the 1929-1931 average as 100, as compared with 122 in the same month of 1940. This represented a gain of 17%.

September volume receded to more normal levels. However, sales kept in line with the upward trend curve followed earlier this year and also were well ahead of 1940 totals.

The index figures of sales by class groups were as follows:

	Sept. 1941	Aug. 1941	Sept. 1940
Variety	150	159	125
Apparel	164	184	137
Shoe	160	208	137
Drug	174	167	147
Grocery	135	135	112

HOLC Office Moving

The New York regional offices of the Home Owners Loan Corporation now located at 270 Broadway will move in February to the new national headquarters of the HOLC at 2 Park Avenue, it was announced on Oct. 15 by Charles A. Jones, General Manager. The change will require the HOLC to take three-and-a-half additional floors in the 2 Park Ave. Building. When the national offices of the HOLC were moved from Washington to New York in September (referred to in these columns Oct. 2, page 415) six floors were occupied. The New York regional offices take in eight States: New York, New Jersey, Massachusetts, Maine, Vermont, New Hampshire, Connecticut and Rhode Island.

Dept. of Agriculture To Aid Cotton Exports

A new export subsidy program, which, officials state, will help remove the disparity that now exists between American cotton and foreign-grown cotton on foreign markets, particularly the Canadian market, was announced on Sept. 18 by the United States Department of Agriculture. In explanation of its action, the Department said that increases in the price of American cotton during the past few months have brought exports virtually to a standstill, exports last season being only 1,084,000 bales, the smallest in many years, and comparing with 6,192,000 bales exported two years ago when a program was in effect for aiding the exportation of raw cotton.

Under the program announced Sept. 18, persons who furnish satisfactory evidence of having exported cotton within a fixed period, or who have executed a bond guaranteeing the exportation of cotton, will be offered equal quantities of 1937 crop cotton owned by Commodity Credit Corporation. The plan requires that the cotton must be exported not earlier than Sept. 18, 1941, and not later than July 31, 1942. The sale of cotton in such manner, officials of the CCC said, will decrease the supply of cotton in the the United States, which in recent years has been burdensome. In compliance with existing law, sales must not exceed 300,000 bales in any month or 1,500,000 bales per year. Sales by the Corporation will be restricted to not more than 10,000 bales to one person on a given day and to not more than 100,000 bales to any person engaged in exporting cotton to Canada.

The following is from the Agriculture Department's announcement of Sept. 18:

The sale price of cotton released will be fixed at 13¼ cents a pound for 15/16-inch middling cotton at warehouse locations in the Group B mill area of the Carolinas. The price at other locations east of the Mississippi River will vary in the same amount as the location differentials under the 1941 cotton loan program. West of the Mississippi River, the sale price at each warehouse location will be the base price in the Carolina mill area, less the freight rate to such area from the warehouse.

Premiums and discounts for grades and staples above and below middling 15/16-inch will be the average of the 10 spot markets for staple lengths up to but not including 1-1/16-inch during the period from Sept. 1 to Sept. 15, 1941. For staples 1-1/16-inch and longer, the average, during the same period on the Memphis market will be used.

Urban Home Financing

Urban home financing exceeded $3,000,000,000 during the first eight months of 1941, economists of the Federal Home Loan Bank Board announced on Oct. 18.

During August, according to the Board, 144,700 mortgages were recorded in an amount of $428,000,000 by all types of lenders, the savings and loan group again leading the field with 32.5% of the total, or $139,000,000. Banks and trust companies recorded $105,000,000—the second largest amount—and individual mortgage lenders were third with $69,000,000.

In dollar volume, the January-August period of 1941 was 17.4% ahead of that of 1940, and increased in number by 12.4%.

Action Toward Preventing Inflation Urged By Marriner S. Eccles at Tax Conference

Action toward preventing inflation was urged on Oct. 14 by Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, at which time he advocated that the Government make full use of the tools of monetary control to prevent inflationary price advances and block a relapse into depression and deflation after the emergency. Mr. Eccles remarks were made before a conference of the National Tax Association at St. Paul and according to special advices to the New York "Journal of Commerce," from which the foregoing is taken, he spoke in favor also of the extension of social security benefits to additional millions and increased taxation to make that possible; he favored $30 a month for everyone reaching the age of 65 and Federal grants to make maximum payments of $50 a month.

It was pointed out in the "Wall Street Journal" of Oct. 15 that Roy Blough, Treasury Tax Research Director, speaking at the Conference, indicated that the goal of the Government's fiscal policy is to obtain the most money in the ways that will block inflation. From the "Wall Street Journal's" advices we also quote:

The Treasury Department's Director of Tax Research described the Government's financial policy as to "obtain a maximum of receipts in a non-inflationary way."

Mr. Blough said the preferable method of financing the defense effort is to secure money from taxes, sales of defense bonds and tax notes and sales of regular Treasury issues to insurance companies. He said that sales of regular issues to banks, will in general increase new deposits and therefore is inflationary. For this reason the tax expert explained the Treasury is seeking to borrow most of its money from non-banking investors.

With respect to what Mr. Eccles had to say we quote in part as follows from the St. Paul account to the New York "Journal of Commerce":

"We should rely heavily upon fiscal policy as a stabilizing factor and as a motivating force without which monetary policy alone is ineffective," he emphasized. Policies of the States should parallel those of the Federal Government, he said.

"We should utilize and coordinate these over-all instruments of public policy because they are the only logical alternatives to a no longer possible laissez faire, on the one hand, and a regimented, policed economy of Fascist character, on the other."

Mr. Eccles declared that these instruments of economic influence should be utilized to their fullest, not only during the defense period, "but in the future when economic problems of a world at peace will ironically be even more difficult to deal with than the economic problems of a world at war."

A far-reaching program of investment in productive public works, adapted to the differing needs of the nation's geographical areas, was outlined by Chairman Eccles as the best "remedy" for post-war ills which are inevitable in periods of reconstruction. . . .

"Productive public investment, which should be non-competitive with private enterprise, means not only roads, public buildings, subsidized housing, bridges, dams and irrigation projects," he emphasized, "but also better education and a higher level of public health and nutrition." In this connection he pointed to the large number of young men found physically unfit for military service.

"The social security mechanism," he said, "is ideally suited to use as an anti-inflationary measure in periods like the present, and an anti-deflationary measure in times such as we may have when the defense effort is over. This is the time to build up a reserve by increasing the taxes both for old age and unemployment—decreasing the taxes and drawing on the reserve as unemployment develops." . . .

"If we are to be successful in the objective of creating a high and steadily increasing demand for the products of industry after the defense period, we must adopt a progressive tax system bearing heavily upon savings concentrated in creditor areas and lightly upon the great mass of families of the low income groups," he declared.

"This means that we must get rid of, or at least check the growth of the sort of taxes to which our States have unfortunately been forced to resort more and more in recent years.

"I am referring to the general sales taxes and the taxes on gasoline, tobacco and other articles of mass consumption," said Mr. Eccles. "These have taken on increasing importance in State tax structures in recent years as a consequence of the inadequacy of the general property tax and the pressure to find funds to finance relief and other welfare expenditure."

Although these taxes were enacted with the commendable motive of preserving the solvency and credit standing of our State and local governments, they had an unfortunate effect upon the level of activity in the economy as a whole and were among factors that made national recovery slow and incomplete until the beginning of the defense program," he said.

Taxation also was the subject of a statement broadcast from Washington on Oct. 14 by Assistant Secretary of the Treasury John Sullivan to the California Radio Forum. Mr. Sullivan, (the "Wall Street Journal" reported), asserted that not only are taxes necessary, but that the people are ready and willing to see taxation employed against inflation. "There is no more effective weapon against inflation than taxation," he said, "and there is no weapon that the American people will more willingly employ." It is learned from the same source:

Mr. Sullivan added that there is a high and noble purpose behind taxation today. He declared "our taxes, after all, are paying for the weapons with which this country can remain strong and free. They are the largest single source of funds for guns and ships, the tanks and planes on which our future and our children's future depend."

At the St. Paul Conference on Taxation criticism of Federal methods of taxing corporations figured in an address on Oct. 14 by William A. Paton, Professor of Accounting at the University of Michigan. In the St. Paul "Pioneer Press" it was stated that Prof. Paton criticized the Federal income tax system as needlessly complicated. From the St. Paul paper we likewise quote:

Corporation taxing methods, he said, seem to indicate that the government is "opposed to the corporate form of doing business." The whole setup of corporation income taxes, he added, indicate the Government is "out to get the corporations."

He criticized the excess profits tax as unwise and unscientific.

Speaking at the same session, Harley E. Lutz, Professor of Finance at Princeton University, decried the burdens of taxation on private enterprise.

"The decay of enterprise," he said, "was not produced by the depression. It was caused by the killing taxes on the fruits of enterprise.

"The most short-sighted aspect of progressive taxation of incomes is the naive assumption that wealth or income can actually be redistributed or equalized by the process."

Franklin S. Edmonds, Philadelphia attorney and former President of the National Tax Association, which is sponsoring the conference, saw dangers of a totalitarian state in present tax trends.

Speaking in the evening at the general session in the Hotel Lowry, Mr. Edmonds said:

"If the present methods and rates of taxation are continued after the emergency is past they will chill the ardor for achievement and destroy the free capital of the nation, change our industrial economy to a static basis and eventually destroy the fiscal integrity of the states."

At the Conference on Oct. 13, belief that state governments may have to make inroads on special state tax funds because of the national defense emergensy was voiced by Leslie M. Gravlin, Minnesota Commissioner of Administration, said the "Pioneer Press," from which we also quote:

"We may be forced by necessity," Mr. Gravlin said at a meeting in the Hotel Lowry, "to hasten the day when the people's funds will be distributed in accordance with the needs of the people today, instead of on the basis of what organized groups were able to garner for their special interests in other years.

"We may have to revise our conception of raising tax revenues, particularly the earmarking of taxes for specific purposes. Necessity may force us to place all tax revenues in one fund instead of ten, twenty or fifty, and apportion it among the various needs without respect to its type or source."

IN THIS SECTION

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Moody's Commodity Index Is Lower

Moody's Daily Commodity Index declined from 210.7 last Tuesday to 203.9 in mid-week but closed the week at 207.1, recovering about half of the loss. The principal movement was in the prices of wheat, corn, hogs and cotton.

The movement of the index has been as follows:

Tuesday, Oct. 14	210.7
Wednesday, Oct. 15	208.8
Thursday, Oct. 16	203.9
Friday, Oct. 17	205.4
Saturday, Oct. 18	206.6
Monday, Oct. 20	205.2
Tuesday, Oct. 21	207.1
Two weeks ago, Oct. 7	212.9
Month ago, Sept. 20	215.6
Year ago, Oct. 21	164.2
1940—High—Dec. 31	171.8
Low—Aug. 16	149.3
1941—High—Sept. 9	219.9
Low—Feb. 17	171.6

Foreclosures Still Down

The downward trend of urban real estate foreclosures during 1941's first eight-month period continued during August, reaching what likely is a new 15-year low — estimated at 4,271 — as against a brief peak period in June, 1933, when as many as 1,000 homes were foreclosed daily, economists of the Federal Home Loan Bank Board disclosed on Oct. 11. The Board states that nationally, the foreclosure rate during the January-August period amounted to but 3.3 per 1,000 dwellings—all of the 12 Federal Home Loan Bank districts sharing in the general rate of decrease, which by percentage amounted to a 19.9 decline in the number of urban properties foreclosed during the same period of 1940.

LEGAL ODDITIES

BOND PLUS LIFE INSURANCE

The directors of an Arkansas School District were in session assembled to discuss a forthcoming $36,000 bond issue.

"I don't suppose Wall Street possibly'll be interested, but it's important enough to us. Our big problem is to make the bonds safe enough to appeal to investors, and to provide for their retirement when the inevitable due date arrives," the Chariman stated.

At this stage of the proceedings the "big idea" blossomed in the mind of the resourceful director.

"Why can't we pick out 18 young and healthy boys in the district, and insure their lives for $2,000 each, with the insurance payable to the district?" the bright director suggested. "The district can pay the premiums, and I'll bet United States Steel or General Motors never thought of a cheaper sinking fund."

"Move the proposal be carried out."

"Second the motion."

"Carried," the Chairman announced; the hustling local life insurance agent promptly placed the insurance; the school directors gave their note for the first premium; the agent discounted the note at the local bank, remitted the proceeds to the Insurance Company, and the 18 policies were delivered to the District. When the note fell due, however, the directors were not so enthusiastic and refused to pay; the bank sued, and the directors set up the defence that the policies were null and void on the ground that the School District had no "insurable interest" in the lives of the 18 young men.

"The policies are contrary to public policy, and are, consequently, null and void," the Arkansas Supreme Court ruled.

"But, as far as the directors' note is concerned, we took it the very day it was signed, in good faith and for value, we're 'holders in due course,' and, therefore, entitled to collect the note," the bank argued, and the Arkansas Supreme Court upheld this contention.

"Well, the Court has ruled that we're bound to pay a premium note on life insurance policies that the same Court has said are utterly worthless if the 18 boys all died today," the directors declared to each other.

"Probably the brilliant director who suggested the idea in the first place may be able to enlighten our darkness," the Chairman suggested.

"We're in for paying the bank, in any case, and that entitles us to sue the insurance company to recover the money that went to them. They can't possibly keep our money to pay for policies that the Court says are null and void," the brilliant director suggested.

"What we have we hold. There was no misrepresentation on our part—you originated the unlawful idea—and if you paid us money to carry out the scheme the law will give you no assistance in getting it back," the insurance company argued.

And the Arkansas Supreme Court ruled that this point was well taken.

"Accepting the view of the law that the Court should not lend their aid to any party to a contract which is void as against public policy, either by enforcing its provisions, on the one hand, or by permitting the recovery of money paid in performance of its conditions, on the other, we must hold that this suit cannot be maintained," was the reasoning of the Court.